

YC Inox Co., Ltd. and Subsidiaries

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

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
YC Inox Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of YC Inox Co., Ltd. and its subsidiaries (collectively, the "Group") as of June 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2024 and 2023, 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 June 30, 2024 and 2023, its consolidated financial performance for the three months ended June 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the six months ended June 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 Done-Yuin Tseng and Shu-Chin Chiang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 9, 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.

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash (Note 6)	\$ 1,278,032	6	\$ 688,845	4	\$ 519,783	3
Financial assets at fair value through profit or loss - current (Note 7)	179,500	1	198,000	1	277,257	1
Notes receivable (Note 20)	94,107	-	74,675	-	66,539	-
Trade receivables (Notes 9, 20 and 27)	1,024,238	5	902,158	5	855,409	4
Other receivables	104,292	1	516,051	3	404,819	2
Inventories (Note 10)	5,065,071	23	4,075,158	22	5,377,136	28
Prepayments	2,244,082	10	1,186,159	7	1,495,163	8
Other current assets (Note 28)	3,815	-	3,116	-	5,381	-
Total current assets	9,993,137	46	7,644,162	42	9,001,487	46
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	1,584,192	8	1,865,234	10	2,542,029	13
Property, plant and equipment (Note 12)	7,836,197	36	6,906,175	38	6,281,381	32
Right-of-use assets (Note 13)	10,477	-	10,548	-	11,655	-
Computer software (Note 14)	7,390	-	7,944	-	10,585	-
Deferred tax assets (Notes 4 and 22)	469,728	2	467,954	2	494,069	3
Prepayments for equipment	1,348,408	6	1,068,459	6	836,131	4
Other non-current assets	401,587	2	343,913	2	294,668	2
Total non-current assets	11,657,979	54	10,670,227	58	10,470,518	54
TOTAL	\$ 21,651,116	100	\$ 18,314,389	100	\$ 19,472,005	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 15)	\$ 7,280,945	34	\$ 5,751,078	31	\$ 5,842,244	30
Short-term bills payable (Note 15)	99,890	-	-	-	-	-
Contract liabilities - current (Note 20)	457,518	2	432,997	2	564,910	3
Notes payable	293	-	494	-	353	-
Trade payables	544,491	2	116,005	1	337,137	2
Other payables (Note 17)	337,082	2	273,323	1	253,418	1
Dividends payable	470,226	2	-	-	669,309	4
Current tax liabilities (Notes 4 and 22)	54,977	-	119,823	1	109,087	1
Lease liabilities - current (Note 13)	3,733	-	6,236	-	6,605	-
Current portion of long-term borrowings (Note 15)	585,714	3	471,429	3	252,381	1
Other current liabilities	43,412	-	38,349	-	78,665	-
Total current liabilities	9,878,281	45	7,209,734	39	8,114,109	42
NON-CURRENT LIABILITIES						
Bonds payable (Note 16)	224,375	1	228,240	2	721,514	4
Long-term borrowings (Note 15)	2,051,190	10	1,844,048	10	1,761,905	9
Deferred tax liabilities (Notes 4 and 22)	186,097	1	2,614	-	6,467	-
Lease liabilities - non-current (Note 13)	5,831	-	3,755	-	4,131	-
Net defined benefit liabilities - non-current (Notes 4 and 18)	39,260	-	41,284	-	49,128	-
Guarantee deposits received	41,173	-	34,545	-	26,853	-
Total non-current liabilities	2,547,926	12	2,154,486	12	2,569,998	13
Total liabilities	12,426,207	57	9,364,220	51	10,684,107	55
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital						
Ordinary shares	4,702,256	22	4,475,783	25	4,474,265	23
Registered capital (pending change)	-	-	224,241	1	-	-
Capital surplus	1,835,038	9	2,302,582	13	2,031,732	10
Retained earnings						
Legal reserve	1,346,931	6	1,346,931	7	1,346,931	7
Unappropriated earnings	211,893	1	133,890	1	597,650	3
Other equity	1,128,791	5	466,742	2	337,320	2
Total equity	9,224,909	43	8,950,169	49	8,787,898	45
TOTAL	\$ 21,651,116	100	\$ 18,314,389	100	\$ 19,472,005	100

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

YC INOX CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUE (Notes 20 and 27)	\$ 3,538,894	100	\$ 3,814,535	100	\$ 6,637,911	100	\$ 7,707,414	100
OPERATING COSTS (Notes 10 and 21)	<u>3,084,084</u>	<u>87</u>	<u>3,426,690</u>	<u>90</u>	<u>5,738,165</u>	<u>86</u>	<u>7,029,089</u>	<u>91</u>
GROSS PROFIT	<u>454,810</u>	<u>13</u>	<u>387,845</u>	<u>10</u>	<u>899,746</u>	<u>14</u>	<u>678,325</u>	<u>9</u>
OPERATING EXPENSES (Note 21)								
Selling and marketing expenses	186,050	5	126,283	3	322,115	5	237,304	3
General and administrative expenses	<u>84,844</u>	<u>3</u>	<u>71,261</u>	<u>2</u>	<u>173,327</u>	<u>3</u>	<u>145,188</u>	<u>2</u>
Total operating expenses	<u>270,894</u>	<u>8</u>	<u>197,544</u>	<u>5</u>	<u>495,442</u>	<u>8</u>	<u>382,492</u>	<u>5</u>
INCOME FROM OPERATIONS	<u>183,916</u>	<u>5</u>	<u>190,301</u>	<u>5</u>	<u>404,304</u>	<u>6</u>	<u>295,833</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES								
Finance costs (Note 21)	(50,990)	(1)	(34,631)	(1)	(91,797)	(1)	(68,211)	(1)
Interest income	5,250	-	5,318	-	7,862	-	6,322	-
Other gains and losses, net (Notes 21 and 27)	(219,841)	(6)	(130,327)	(3)	(445,960)	(7)	(177,422)	(2)
Foreign exchange gain, net (Note 30)	101,026	3	297,243	8	209,495	3	336,937	4
Gain (loss) on disposal of property, plant and equipment	164	-	130	-	(109)	-	619	-
Net (loss) gain on fair value changes of financial instruments at fair value through profit or loss	<u>(3,000)</u>	<u>-</u>	<u>11,188</u>	<u>-</u>	<u>(18,500)</u>	<u>-</u>	<u>29,482</u>	<u>1</u>
Total non-operating income and expenses	<u>(167,391)</u>	<u>(4)</u>	<u>148,921</u>	<u>4</u>	<u>(339,009)</u>	<u>(5)</u>	<u>127,727</u>	<u>2</u>
INCOME BEFORE INCOME TAX	16,525	1	339,222	9	65,295	1	423,560	6
INCOME TAX (BENEFIT) EXPENSE (Notes 4 and 22)	<u>(13,031)</u>	<u>-</u>	<u>134,064</u>	<u>4</u>	<u>(12,708)</u>	<u>-</u>	<u>124,885</u>	<u>2</u>
NET PROFIT	<u>29,556</u>	<u>1</u>	<u>205,158</u>	<u>5</u>	<u>78,003</u>	<u>1</u>	<u>298,675</u>	<u>4</u>

(Continued)

YC INOX CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	\$ (389,135)	(11)	\$ (525,420)	(14)	\$ (281,042)	(4)	\$ (464,572)	(6)
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(566)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,077)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(389,701)</u>	<u>(11)</u>	<u>(525,420)</u>	<u>(14)</u>	<u>(283,119)</u>	<u>(4)</u>	<u>(464,572)</u>	<u>(6)</u>
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating of the financial statements of foreign operations	647,918	18	(1,366,305)	(35)	1,181,460	18	(1,050,311)	(14)
Income tax related to items that may be reclassified subsequently to profit or loss	<u>(129,584)</u>	<u>(4)</u>	<u>273,261</u>	<u>7</u>	<u>(236,292)</u>	<u>(4)</u>	<u>210,062</u>	<u>3</u>
	<u>518,334</u>	<u>14</u>	<u>(1,093,044)</u>	<u>(28)</u>	<u>945,168</u>	<u>14</u>	<u>(840,249)</u>	<u>(11)</u>
Other comprehensive income (loss) for the period, net of income tax	<u>128,633</u>	<u>3</u>	<u>(1,618,464)</u>	<u>(42)</u>	<u>662,049</u>	<u>10</u>	<u>(1,304,821)</u>	<u>(17)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 158,189</u>	<u>4</u>	<u>\$ (1,413,306)</u>	<u>(37)</u>	<u>\$ 740,052</u>	<u>11</u>	<u>\$ (1,006,146)</u>	<u>(13)</u>
EARNINGS PER SHARE (Note 23)								
Basic	<u>\$ 0.06</u>		<u>\$ 0.46</u>		<u>\$ 0.17</u>		<u>\$ 0.67</u>	
Diluted	<u>\$ 0.06</u>		<u>\$ 0.43</u>		<u>\$ 0.16</u>		<u>\$ 0.63</u>	

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

(Concluded)

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	Ordinary Shares (Note 19)		Capital Surplus (Note 19)	Retained Earnings (Note 19)		Other Equity		Total Equity
	Capital Stock Ordinary Shares	Registered Capital Pending Change		Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2023	\$ 4,453,799	\$ -	\$ 2,005,108	\$ 1,292,961	\$ 1,022,254	\$ (187,660)	\$ 1,829,801	\$ 10,416,263
Appropriation of 2022 earnings								
Legal reserve	-	-	-	53,970	(53,970)	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(669,309)	-	-	(669,309)
Net profit for the six months ended June 30, 2023	-	-	-	-	298,675	-	-	298,675
Other comprehensive loss for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	(840,249)	(464,572)	(1,304,821)
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	298,675	(840,249)	(464,572)	(1,006,146)
Convertible bonds converted to ordinary shares	20,466	-	26,624	-	-	-	-	47,090
BALANCE AT JUNE 30, 2023	\$ 4,474,265	\$ -	\$ 2,031,732	\$ 1,346,931	\$ 597,650	\$ (1,027,909)	\$ 1,365,229	\$ 8,787,898
BALANCE AT JANUARY 1, 2024	\$ 4,475,783	\$ 224,241	\$ 2,302,582	\$ 1,346,931	\$ 133,890	\$ (221,691)	\$ 688,433	\$ 8,950,169
Issuance of cash dividends from capital surplus	-	-	(470,226)	-	-	-	-	(470,226)
Net profit for the six months ended June 30, 2024	-	-	-	-	78,003	-	-	78,003
Other comprehensive income (loss) for the six months ended June 30, 2024, net of income tax	-	-	-	-	-	945,168	(283,119)	662,049
Total comprehensive income (loss) for the six months ended June 30, 2024	-	-	-	-	78,003	945,168	(283,119)	740,052
Convertible bonds converted to ordinary shares	226,473	(224,241)	2,682	-	-	-	-	4,914
BALANCE AT JUNE 30, 2024	\$ 4,702,256	\$ -	\$ 1,835,038	\$ 1,346,931	\$ 211,893	\$ 723,477	\$ 405,314	\$ 9,224,909

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

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended	
	June 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 65,295	\$ 423,560
Adjustments for:		
Depreciation expense	182,521	173,226
Amortization expense	2,810	2,732
Loss (gain) on financial instruments at fair value through profit or loss, net	18,500	(29,482)
Finance costs	91,797	68,211
Interest income	(7,862)	(6,322)
Loss (gain) on disposal of property, plant and equipment	109	(619)
Loss on lease modification	184	-
Reversal of write-down of inventories	(267,382)	(157,387)
Gain on unrealized foreign currency exchange, net	(29,141)	(67,869)
Effect of hyperinflation	441,810	179,234
Changes in operating assets and liabilities:		
Notes receivable	(19,444)	21,583
Trade receivables	(121,930)	21,441
Other receivables	417,899	(127,936)
Inventories	(780,688)	(321,658)
Prepayments	(870,354)	(392,802)
Other current assets	(899)	146
Contract liabilities	25,241	164,729
Notes payable	(201)	(203)
Trade payables	427,757	147,390
Other payables	27,318	(54,704)
Other current liabilities	6,158	36,000
Net defined benefit liabilities	(2,024)	(2,020)
Cash (used in) generated from operations	(392,526)	77,250
Interest received	7,862	6,322
Interest paid	(86,692)	(63,244)
Income tax paid	(107,884)	(322,030)
Net cash used in operating activities	<u>(579,240)</u>	<u>(301,702)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(490,760)	(484,938)
Proceeds from disposal of property, plant and equipment	18,571	22,048
Decrease in refundable deposits	17	980
Acquisition of computer software	(2,291)	(4,905)
Increase in prepayments for equipment	(278,369)	(228,533)
Net cash used in investing activities	<u>(752,832)</u>	<u>(695,348)</u>

(Continued)

YC INOX CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended	
	June 30	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 11,947,115	\$ 9,560,455
Repayments of short-term borrowings	(10,416,800)	(8,542,285)
Proceeds from short-term bills payable	100,000	-
Proceeds from long-term borrowings	500,000	200,000
Repayments of long-term borrowings	(178,573)	(228,571)
(Decrease) increase in guarantee deposits received	6,628	(3,532)
Repayments of the principal portion of lease liabilities	<u>(5,661)</u>	<u>(4,545)</u>
Net cash generated from financing activities	<u>1,952,709</u>	<u>981,522</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	<u>(31,450)</u>	<u>(415,896)</u>
NET INCREASE (DECREASE) IN CASH	589,187	(431,424)
CASH AT THE BEGINNING OF THE PERIOD	<u>688,845</u>	<u>951,207</u>
CASH AT THE END OF THE PERIOD	<u>\$ 1,278,032</u>	<u>\$ 519,783</u>

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

(Concluded)

YC INOX CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023

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

1. GENERAL INFORMATION

YC Inox Co., Ltd. (the “Company”) was incorporated in the Republic of China (ROC) in January 1973. The Company is mainly engaged in the production, processing and sale of stainless steel pipes, stainless steel sheets and coils, agency services and international trading of stainless steel products.

The Company’s shares were listed and have been trading on the Taiwan Stock Exchange since September 2001.

The consolidated financial statements of the Group 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 August 9, 2024.

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

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

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

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)

Note 1: 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.

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

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 Company 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 Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company 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 Company as a whole, the Company 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.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impact of the application of various 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 preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

See Note 11 and Table 7 for the detailed information on subsidiaries (including the percentage of ownership and main business).

d. Other material accounting policies

Except for the following, 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:

- a) Assets held primarily for the purpose of trading;
- b) Assets expected to be realized within 12 months after the reporting period; and
- c) Cash unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- a) Liabilities held primarily for the purpose of trading;
- b) Liabilities due to be settled within 12 months after the reporting period; and
- c) 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. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if the entity classifies the option as an equity instrument.

2) Retirement benefits

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

3) Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When developing material accounting estimates, the Group considers the possible impact on the cash flow projection, growth rates, discount rates, profitability and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Refer to the statements of material accounting judgments and key sources of estimation uncertainty to the consolidated financial statements for the year ended December 31, 2023.

6. CASH

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand	\$ 1,479	\$ 1,517	\$ 1,113
Checking accounts and demand deposits	<u>1,276,553</u>	<u>687,328</u>	<u>518,670</u>
	<u>\$ 1,278,032</u>	<u>\$ 688,845</u>	<u>\$ 519,783</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Financial assets mandatorily measured at FVTPL			
Domestic listed shares	\$ <u>179,500</u>	\$ <u>198,000</u>	\$ <u>277,257</u>

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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Investments in equity instruments</u>			
Foreign investments			
Unlisted shares	\$ 293,469	\$ 277,645	\$ 277,645
Domestic investments			
Listed shares (note)	<u>1,290,723</u>	<u>1,587,589</u>	<u>2,264,384</u>
	<u>\$ 1,584,192</u>	<u>\$ 1,865,234</u>	<u>\$ 2,542,029</u>

Note: The investee was listed and traded on the emerging stock market on June 18, 2024, and trading ended on the same day on the over-the-counter exchange.

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

9. TRADE RECEIVABLES

	June 30, 2024	December 31, 2023	June 30, 2023
At amortized cost			
Gross carrying amount	\$ 993,497	\$ 880,613	\$ 814,300
Less: Allowance for impairment loss	<u>(2,242)</u>	<u>(2,242)</u>	<u>(2,242)</u>
	991,255	878,371	812,058
At FVTOCI	<u>32,983</u>	<u>23,787</u>	<u>43,351</u>
	<u>\$ 1,024,238</u>	<u>\$ 902,158</u>	<u>\$ 855,409</u>

a. At amortized cost

The credit period of sales of goods is 30 to 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. The Group uses other publicly available financial information or its own trading records to rate its customers. The Group's exposure and the credit ratings of its counterparties

are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

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

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted GDP and direction of economic conditions at the reporting date. As the Group's historical credit loss experience did not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been 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 loss allowance of trade receivables of the Group was as follows:

	Not Past Due	Past Due 1-60 Days	Past Due 61-120 Days	Past Due 121-180 Days	Past Due More than 180 Days	Total
<u>June 30, 2024</u>						
Expected credit loss rate (%)	0	0.05-5.26	5.00-16.18	11.88-15.21	100	
Gross carrying amount	\$ 861,142	\$ 125,392	\$ 6,963	\$ -	\$ -	\$ 993,497
Loss allowance	-	(2,242)	-	-	-	(2,242)
Amortized cost	<u>\$ 861,142</u>	<u>\$ 123,150</u>	<u>\$ 6,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 991,255</u>
<u>December 31, 2023</u>						
Expected credit loss rate (%)	0	6.75-17.31	13.71-17.86	16.23-16.96	100	
Gross carrying amount	\$ 815,887	\$ 64,724	\$ 2	\$ -	\$ -	\$ 880,613
Loss allowance	-	(2,242)	-	-	-	(2,242)
Amortized cost	<u>\$ 815,887</u>	<u>\$ 62,482</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 878,371</u>
<u>June 30, 2023</u>						
Expected credit loss rate (%)	0	6.75-17.31	13.71-17.86	16.23-16.96	100	
Gross carrying amount	\$ 759,021	\$ 49,079	\$ -	\$ 6,200	\$ -	\$ 814,300
Loss allowance	-	(2,242)	-	-	-	(2,242)
Amortized cost	<u>\$ 759,021</u>	<u>\$ 46,837</u>	<u>\$ -</u>	<u>\$ 6,200</u>	<u>\$ -</u>	<u>\$ 812,058</u>

b. At FVTOCI

The Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both contractual cash flows and selling financial assets.

As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group had no overdue trade receivables, and no impairment loss was recognized within the respective aging ranges.

Refer to Note 26 for details of the factoring for trade receivables.

10. INVENTORIES

	June 30, 2024	December 31, 2023	June 30, 2023
Raw materials	\$ 2,119,339	\$ 1,434,565	\$ 2,072,762
Work in progress	143,466	107,113	110,659
Semi-finished goods	468,225	373,650	443,042
Finished goods	2,322,664	2,145,570	2,736,334
Merchandise	<u>11,377</u>	<u>14,260</u>	<u>14,339</u>
	<u>\$ 5,065,071</u>	<u>\$ 4,075,158</u>	<u>\$ 5,377,136</u>

Operating costs related to inventory for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023 were \$3,081,854 thousand, \$3,424,474 thousand, \$5,733,719 thousand and \$7,024,614 thousand, respectively.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Reversal of write-down of inventories	<u>\$ 31,968</u>	<u>\$ 22,737</u>	<u>\$ 267,382</u>	<u>\$ 157,387</u>

Inventory write-downs were reversed as a result of increased selling prices of raw materials.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	% of Ownership		
		June 30, 2024	December 31, 2023	June 30, 2023
The Company	Chi Mao Investment Co., Ltd. (Chi Mao Company)	100	100	100
	YC INOX TR CELIK SANAYI VE TICARET A.S. (YC INOX TR Company)	100	100	100

For the nature of activities of the subsidiaries listed above, refer to Table 7.

The Company has been planning to increase the investment in YC INOX TR Company by TRY900,000 thousand, which was approved by the Company's board of directors in May 2023, and subsequently invested \$430,360 thousand, \$314,200 thousand, \$161,550 thousand and \$221,463 thousand, equivalent to TRY272,646 thousand, TRY269,329 thousand, TRY142,913 thousand and TRY215,112 thousand in May 2023, August 2023, November 2023 and January 2024, respectively. The aforementioned investments were approved by the MOEA.

The Company has been planning to increase the investment in YC INOX TR Company by TRY1,460,000 thousand, which was approved by the Company's board of directors in May 2024, and subsequently invested \$648,000 thousand and \$809,732 thousand, equivalent to TRY646,862 thousand and TRY813,138 thousand in June 2024 and July 2024, respectively. The aforementioned investments were approved by the MOEA.

12. PROPERTY, PLANT AND EQUIPMENT

	For the Six Months Ended June 30, 2024					
	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>						
Beginning balance January 1, 2024	\$ 2,324,074	\$ 2,528,039	\$ 3,695,862	\$ 1,273,082	\$ 493,941	\$ 10,314,998
Additions	-	7,556	40,995	74,296	414,699	537,546
Disposals	-	-	(3,695)	(36,463)	-	(40,158)
Reclassification	-	-	76,440	2,827	(89,388)	(10,121)
Effects of foreign currency exchange differences and inflation adjustments	60,683	196,093	270,192	12,838	122,510	662,316
Ending balance June 30, 2024	<u>\$ 2,384,757</u>	<u>\$ 2,731,688</u>	<u>\$ 4,079,794</u>	<u>\$ 1,326,580</u>	<u>\$ 941,762</u>	<u>\$ 11,464,581</u>
<u>Accumulated depreciation</u>						
Beginning balance January 1, 2024	\$ -	\$ 745,636	\$ 2,076,156	\$ 587,031	\$ -	\$ 3,408,823
Additions	-	43,935	84,576	49,896	-	178,407
Disposals	-	-	(3,546)	(17,932)	-	(21,478)
Reclassification	-	-	(250)	-	-	(250)
Effects of foreign currency exchange differences and inflation adjustments	-	11,397	45,463	6,022	-	62,882
Ending balance June 30, 2024	<u>\$ -</u>	<u>\$ 800,968</u>	<u>\$ 2,202,399</u>	<u>\$ 625,017</u>	<u>\$ -</u>	<u>\$ 3,628,384</u>
Ending carrying amount	<u>\$ 2,384,757</u>	<u>\$ 1,930,720</u>	<u>\$ 1,877,395</u>	<u>\$ 701,563</u>	<u>\$ 941,762</u>	<u>\$ 7,836,197</u>
	For the Six Months Ended June 30, 2023					
	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>						
Beginning balance January 1, 2023	\$ 2,318,756	\$ 1,497,060	\$ 3,185,073	\$ 1,229,703	\$ 886,641	\$ 9,117,233
Additions	-	4,495	68,625	44,216	211,301	328,637
Disposals	-	-	(8,112)	(55,874)	-	(63,986)
Reclassification	-	425,008	86,925	12,306	(422,869)	101,370
Effects of foreign currency exchange differences and inflation adjustments	(63,848)	365,476	122,381	2,622	(411,301)	15,330
Ending balance June 30, 2023	<u>\$ 2,254,908</u>	<u>\$ 2,292,039</u>	<u>\$ 3,454,892</u>	<u>\$ 1,232,973</u>	<u>\$ 263,772</u>	<u>\$ 9,498,584</u>
<u>Accumulated depreciation</u>						
Beginning balance January 1, 2023	\$ -	\$ 654,788	\$ 1,888,623	\$ 530,317	\$ -	\$ 3,073,728
Additions	-	39,661	82,008	48,411	-	170,080
Disposals	-	-	(6,890)	(35,615)	-	(42,505)
Effects of foreign currency exchange differences and inflation adjustments	-	3,354	12,022	524	-	15,900
Ending balance June 30, 2023	<u>\$ -</u>	<u>\$ 697,803</u>	<u>\$ 1,975,763</u>	<u>\$ 543,637</u>	<u>\$ -</u>	<u>\$ 3,217,203</u>
Ending carrying amount	<u>\$ 2,254,908</u>	<u>\$ 1,594,236</u>	<u>\$ 1,479,129</u>	<u>\$ 689,336</u>	<u>\$ 263,772</u>	<u>\$ 6,281,381</u>

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Office buildings	20-35 years
Plants	10-20 years
Machinery and equipment	3-20 years
Other equipment	3-50 years

Farmland held by the Company which is situated in No.1357 and 1359 (2,034 square meters) of Xinmei Section, Shijou Township, Chang-Hwa County and No.115 (171 square meters), No.115-1 and 115-2 (3,218 square meters), and No.116 (120 square meters) situated in Xinguan Section., Puoshing Township, Chang-Hwa County were designated as parking lots, finished goods storage and loading areas. As registration for the transfer of ownership rights cannot currently be implemented in accordance with the law, all farmland was registered under the name of Chairman Chang, Chin-Yu, and all 6 lots of land were mortgaged to the Company for a total of \$40,000 thousand.

Furthermore, in September 2023, the Company acquired farmland located at No.1368 (6,148 square meters) of Xinmei Section, Shijou Township, Chang-Hwa County for a contract price of \$17,272 thousand. This land is currently being used as parking lots. As registration for the transfer of ownership rights cannot currently be implemented in accordance with the law, the property is currently being registered under the name of Chairman Chang, Chin-Yu. The Company has secured a mortgage on the aforementioned land for a total consideration of \$30,000 thousand.

No impairment assessment was performed for the six months ended June 30, 2024 and 2023 as there was no indication of impairment.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Right-of-use assets carrying amount</u>			
Land	\$ 2,131	\$ 2,295	\$ 2,459
Buildings	200	400	600
Transportation equipment	7,658	5,902	5,181
Other equipment	<u>488</u>	<u>1,951</u>	<u>3,415</u>
	<u>\$ 10,477</u>	<u>\$ 10,548</u>	<u>\$ 11,655</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Additions to right-of-use assets			\$ 4,537	\$ 1,660
Depreciation of right-of-use assets				
Land	\$ 82	\$ 82	\$ 164	\$ 164
Buildings	100	100	200	200
Transportation equipment	1,226	531	2,287	1,319
Other equipment	<u>731</u>	<u>731</u>	<u>1,463</u>	<u>1,463</u>
	<u>\$ 2,139</u>	<u>\$ 1,444</u>	<u>\$ 4,114</u>	<u>\$ 3,146</u>

The Group did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2024 and 2023.

b. Lease liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Lease liabilities carrying amount</u>			
Current	\$ 3,733	\$ 6,236	\$ 6,605
Non-current	<u>5,831</u>	<u>3,755</u>	<u>4,131</u>
	<u>\$ 9,564</u>	<u>\$ 9,991</u>	<u>\$ 10,736</u>

Discount rates for lease liabilities were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Land	2.2%	2.20%	2.20%
Buildings	1.15%	1.15%	1.15%
Transportation equipment	16.50%-48.00%	16.50%-28.00%	16.50%-28.00%
Other equipment	2.60%	2.60%	2.60%

c. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Expenses relating to short-term leases	\$ -	\$ 474	\$ -	\$ 1,336
Expenses relating to low value asset leases	<u>256</u>	<u>293</u>	<u>453</u>	<u>436</u>
Total cash outflow for leases			<u>\$ 6,114</u>	<u>\$ 6,317</u>

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

d. Material leasing activities and terms (the Group is lessee)

The Group leases certain land, buildings, transportation equipment and other equipment for operating uses with lease terms of 2 to 9 years. The Group does not have bargain purchase options to acquire the leasehold land, buildings, transportation equipment and other equipment at the end of the lease terms.

14. COMPUTER SOFTWARE

	For the Six Months Ended June 30, 2024				
	Beginning Balance	Additions	Disposals	Effects of Foreign Currency Exchange Differences and Inflation Adjustments	Ending Balance
Cost	\$ 19,544	<u>\$ 2,291</u>	<u>\$ (890)</u>	<u>\$ (214)</u>	\$ 20,731
Accumulated amortization	<u>11,600</u>	<u>\$ 2,810</u>	<u>\$ (890)</u>	<u>\$ (179)</u>	<u>13,341</u>
	<u>\$ 7,944</u>				<u>\$ 7,390</u>
	For the Six Months Ended June 30, 2023				
	Beginning Balance	Additions	Disposals	Effects of Foreign Currency Exchange Differences and Inflation Adjustments	Ending Balance
Cost	\$ 14,840	<u>\$ 4,906</u>	<u>\$ -</u>	<u>\$ (395)</u>	\$ 19,351
Accumulated amortization	<u>6,243</u>	<u>\$ 2,732</u>	<u>\$ -</u>	<u>\$ (209)</u>	<u>8,766</u>
	<u>\$ 8,597</u>				<u>\$ 10,585</u>

Computer software of the group are amortized on a straight-line basis over their estimated useful lives of 1-5 years.

15. BORROWINGS

a. Short-term borrowings

	June 30, 2024	December 31, 2023	June 30, 2023
Letter of credit borrowings and export bills	\$ 2,910,945	\$ 2,181,078	\$ 2,772,244
Line of credit borrowings	<u>4,370,000</u>	<u>3,570,000</u>	<u>3,070,000</u>
	<u>\$ 7,280,945</u>	<u>\$ 5,751,078</u>	<u>\$ 5,842,244</u>
<u>Annual interest rate range (%)</u>			
Letter of credit borrowings and export bills	1.88-6.52	1.75-1.83	1.69-1.83
Line of credit borrowings	1.61-2.46	1.53-2.33	1.52-2.33

b. Short-term bills payable

	June 30, 2024	December 31, 2023	June 30, 2023
Commercial paper	\$ 100,000	\$ -	\$ -
Less: Unamortized discount on bills payable	<u>(110)</u>	<u>-</u>	<u>-</u>
	<u>\$ 99,890</u>	<u>\$ -</u>	<u>\$ -</u>
Annual interest rate range (%)	1.96	-	-

c. Long-term borrowings

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Unsecured borrowings</u>			
Line of credit borrowings	\$ 2,636,904	\$ 2,315,477	\$ 2,014,286
Less: Current portion	<u>(585,714)</u>	<u>(471,429)</u>	<u>(252,381)</u>
Long-term borrowings	<u>\$ 2,051,190</u>	<u>\$ 1,844,048</u>	<u>\$ 1,761,905</u>
Annual interest rate range (%)	1.78-1.84	1.66-1.74	1.66-1.74

The line of credit borrowings of the Group will be repaid in New Taiwan dollars. The borrowings are repayable in installments or paid in one lump sum upon maturity at varying amounts from July 2024 to May 2029.

16. BONDS PAYABLE

	June 30, 2024	December 31, 2023	June 30, 2023
3 rd domestic unsecured convertible bonds	<u>\$ 224,375</u>	<u>\$ 228,240</u>	<u>\$ 721,514</u>

On December 15, 2020, the Company issued 5-year, 0% NTD-denominated unsecured convertible bonds in Taiwan for \$1,000,000 thousand, and the maturity date of the bonds is December 15, 2025. Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$26.5, which shall be later adjusted in accordance with the formula started in the Anti-dilution provisions of the “Rules and conditions of issuance and conversion of the 3rd domestic unsecured corporate bonds” (as of June 30, 2024, the conversion price has been adjusted to \$22.4). Three months from the date of issuance of the convertible bonds (March 16, 2021) to 40 days before the maturity date (November 5, 2025), if the closing share price of the Company exceeds 30% of the prevailing conversion price for 30 consecutive business days or the outstanding balance falls lower than 10% of the original total issuance amount, the Company may redeem the bonds in cash at face value. In addition, holders may request to sell the bonds they hold back to the Company at any time within 30 days before the expiry of the third year from the date of issuance (December 15, 2023).

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 0.93% per annum on initial recognition.

As of June 30, 2024, the face value of the bonds payable converted by the holders was \$772,600 thousand.

Changes in the master contract of the debt and sell-back rights of derivatives (recognized as financial liabilities at FVTPL - non-current) are as follows:

	Debt Instrument for Master Contracts	
	For the Six Months Ended June 30	
	2024	2023
Balance at January 1	\$ 228,240	\$ 765,149
Amortization of discount this period	1,049	3,455
Converted into ordinary shares this period	<u>(4,914)</u>	<u>(47,090)</u>
Balance at June 30	<u>\$ 224,375</u>	<u>\$ 721,514</u>
	For the Six Months Ended June 30	
	2024	2023
<u>Derivative instrument - put options (financial liabilities)</u>		
Balance at January 1	\$ -	\$ 236
Changes in fair value for current period	<u>-</u>	<u>(236)</u>
Balance at June 30	<u>\$ -</u>	<u>\$ -</u>

17. OTHER PAYABLES

	June 30, 2024	December 31, 2023	June 30, 2023
Payables for salaries and bonuses	\$ 78,075	\$ 91,513	\$ 81,553
Payables for acquisition of equipment	124,981	79,459	38,280
Payables for profit sharing bonus of employees and remuneration of directors	7,348	-	26,836
Payables for commission	3,292	2,761	2,285
Others	<u>123,386</u>	<u>99,590</u>	<u>104,464</u>
	<u>\$ 337,082</u>	<u>\$ 273,323</u>	<u>\$ 253,418</u>

18. RETIREMENT BENEFIT PLANS

For the three months ended June 30, 2024 and 2023, the pension expenses of defined benefit plans were \$161 thousand and \$196 thousand, respectively, and for the six months ended June 30, 2024 and 2023, the pension expenses of defined benefit plans were \$322 thousand and \$392 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2023 and 2022, respectively.

19. EQUITY

a. Capital stock

	June 30, 2024	December 31, 2023	June 30, 2023
Authorized shares (in thousands of shares)	<u>660,000</u>	<u>660,000</u>	<u>660,000</u>
Authorized capital	<u>\$ 6,600,000</u>	<u>\$ 6,600,000</u>	<u>\$ 6,600,000</u>
Issued and paid shares (in thousands of shares)	<u>470,226</u>	<u>447,578</u>	<u>447,427</u>
Issued capital	<u>\$ 4,702,256</u>	<u>\$ 4,475,783</u>	<u>\$ 4,474,265</u>
Registered capital (pending change)	<u>\$ -</u>	<u>\$ 224,241</u>	<u>\$ -</u>

The issued share has a par value of NT\$10 per share and is entitled to one vote and the right to receive dividends.

b. Capital surplus

	June 30, 2024	December 31, 2023	June 30, 2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to capital</u>			
Additional paid-in capital	\$ 996,075	\$ 1,466,300	\$ 1,466,300
Issuance of conversion bonds	824,420	821,535	529,994
Interest premium payable on convertible bonds	5,239	5,239	5,239
<u>May not be used for any purpose</u>			
Share warrants of convertible bonds	<u>9,304</u>	<u>9,508</u>	<u>\$ 30,199</u>
	<u>\$ 1,835,038</u>	<u>\$ 2,302,582</u>	<u>\$ 2,031,732</u>

The capital surplus generated from the excess of the issuance price over the par value of capital stock, the conversion of bonds and interest premium payable on convertible bonds 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.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended 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 legal reserve 10% of the remaining profit, 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 stockholders' meeting for the distribution of dividends and bonuses to stockholders. For the policies on the distribution of profit-sharing bonuses of employees and remuneration of directors, refer to Note 21.

In line with the current and future development plans, the Company's dividend policy stipulates that at least 50% of the accumulated unappropriated earnings should be distributed as dividends to shareholders, taking into consideration the investment environment, funding needs, and foreign and

domestic competition. However, when the dividend is less than 0.5 dollars per share, the Company reserves the right to not distribute any dividends. Since the Company belongs to the traditional industry, and current operations have entered a mature and stable phase, cash dividends should take precedence over share dividends. In the case of distribution of share dividends, the amount of cash dividends distributed should not be lower than 20% of the total dividends distributed.

The legal reserve may be used to offset deficits. 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.

When the special reserve is allocated from the net deduction of other equity accumulated in the previous period, if the undistributed surplus in the previous period is insufficient to allocate, the post-tax income plus items other than the after-tax net income of the current period will be added to the undistributed surplus of the current period for the allocation.

The appropriations of earnings for 2023 and 2022, which were approved in the shareholders' meetings in June 2024 and June 2023, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Legal reserve appropriated	\$ -	\$ 53,970		
Cash dividends	-	669,309	\$ -	\$ 1.5

The Company's shareholders also resolved in the shareholders' meeting in June 2024 to issue cash dividends of \$470,226 thousand from the capital surplus.

20. NET REVENUE

	<u>For the Three Months Ended</u>		<u>For the Six Months Ended</u>	
	<u>June 30</u>		<u>June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers				
Revenue from the sale of goods	\$3,530,797	\$3,805,706	\$6,623,275	\$7,691,887
Other operating revenue				
Revenue from the sale of electricity	<u>8,097</u>	<u>8,829</u>	<u>14,636</u>	<u>15,527</u>
	<u>\$3,538,894</u>	<u>\$3,814,535</u>	<u>\$6,637,911</u>	<u>\$7,707,414</u>
<u>Contract balance</u>				
	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Notes and trade receivables	<u>\$1,118,345</u>	<u>\$ 976,833</u>	<u>\$ 921,948</u>	<u>\$ 929,547</u>
Contract liabilities				
Sale of goods	<u>\$ 457,518</u>	<u>\$ 432,997</u>	<u>\$ 564,910</u>	<u>\$ 407,896</u>

21. NET PROFIT

a. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Interest on borrowings	\$ 41,661	\$ 32,529	\$ 78,293	\$ 63,798
Interest on short-term bills payable	22	123	22	123
Interest on lease liabilities	73	297	1,403	835
Interest on bonds payable	523	1,682	1,049	3,455
Others	<u>8,711</u>	<u>-</u>	<u>11,030</u>	<u>-</u>
	<u>\$ 50,990</u>	<u>\$ 34,631</u>	<u>\$ 91,797</u>	<u>\$ 68,211</u>

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Rental income	\$ 7	\$ 7	\$ 15	\$ 15
Others	(13,582)	1,363	(4,165)	1,797
Loss on hyperinflation (e)	<u>(206,266)</u>	<u>(131,697)</u>	<u>(441,810)</u>	<u>(179,234)</u>
	<u>\$ (219,841)</u>	<u>\$ (130,327)</u>	<u>\$ (445,960)</u>	<u>\$ (177,422)</u>

c. Employee benefits expense, depreciation expense and amortization expense

	For the Three Months Ended June 30					
	2024			2023		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salaries expense	\$ 155,451	\$ 49,965	\$ 205,416	\$ 123,320	\$ 44,769	\$ 168,089
Post-employment benefits						
Defined contribution plans	6,108	2,079	8,187	4,594	1,643	6,237
Defined benefit plans	103	58	161	122	74	196
Remuneration of directors	-	2,444	2,444	-	5,978	5,978
Labor and health insurance expense	14,537	4,142	18,679	12,155	3,783	15,938
Other employee benefits	14,533	3,236	17,769	12,487	2,272	14,759
Depreciation expense	80,097	11,523	91,620	73,445	9,804	83,249
Amortization expense	156	1,257	1,413	141	1,259	1,400
	For the Six Months Ended June 30					
	2024			2023		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salaries expense	\$ 308,720	\$ 102,370	\$ 411,090	\$ 258,603	\$ 93,431	\$ 352,034
Post-employment benefits						
Defined contribution plans	12,441	4,249	16,690	10,087	3,537	13,624
Defined benefit plans	207	115	322	245	147	392
Remuneration of directors	-	4,257	4,257	-	8,536	8,536
Labor and health insurance expense	30,175	8,865	39,040	26,510	8,520	35,030
Other employee benefits	27,720	6,125	33,845	26,306	4,850	31,156
Depreciation expense	159,679	22,842	182,521	152,601	20,625	173,226
Amortization expense	308	2,502	2,810	289	2,443	2,732

d. Profit sharing bonus of employees and remuneration of directors

According to the provisions of the Articles of Incorporation, when the Company has a profit in the year, it should accrue employees' profit-sharing and directors' compensation at rates of 2%-6% and no higher than 2%, respectively, of net income before income tax. The profit-sharing bonuses of employees and remuneration of directors for the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2024 and 2023, were estimated as follows:

	For the Three Months Ended June 30			
	2024		2023	
	Accrual Rate	Amount	Accrual Rate	Amount
Profit sharing bonus of employees	5%	\$ 2,154	5%	\$ 13,798
Remuneration of directors	2%	861	2%	5,518

	For the Six Months Ended June 30			
	2024		2023	
	Accrual Rate	Amount	Accrual Rate	Amount
Profit sharing bonus of employees	5%	\$ 5,249	5%	\$ 19,170
Remuneration of directors	2%	2,099	2%	7,666

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

The Company incurred a loss for the fiscal year 2023; therefore, in accordance with the articles of incorporation, it is not proposed to provide for employee and director remuneration. The appropriations of employees' compensation and remuneration of directors for 2022 that were resolved by the board of directors in March 2023 are as shown below:

	For the Year Ended	
	December 31	
	2022	
	Accrual Rate	Amount
Profit sharing bonus of employees	4%	\$ 30,000
Remuneration of directors	2%	13,000

There is no difference between the actual amounts of employees' profit-sharing and directors' compensation paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2022.

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

e. Loss on hyperinflation

Following the categorization of Turkey with reference to the statistical indices from IMF DATA published by the International Monetary Fund as a country with a three-year cumulative inflation rate exceeding 100%, Turkey fulfills the requirements to be designated as a hyperinflationary economy under IAS 29. Furthermore, according to Turkish Statistical Institute estimates, Turkey's annual consumer price index were 875.21, 692.75 and 498.7 as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively, with an annualized volatility of approximately 26.34% and 15.32% for the six

months ended June 30, 2024 and 2023. Therefore, the Group has applied hyperinflationary accounting for Turkish subsidiaries whose financial statements have been measured in terms of the current unit of measurement for the six months ended June 30, 2024 and 2023, resulting in losses of \$441,810 thousand and \$179,234 thousand on the net monetary position included in profit or loss.

22. INCOME TAXES (BENEFIT) EXPENSE

- a. Major components of income tax expense (benefit) recognized in profit or loss

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Current tax				
In respect of the current period	\$ 50,498	\$ 116,323	\$ 56,480	\$ 114,213
Adjustment for prior years	<u>(3,254)</u>	<u>5,756</u>	<u>(9,607)</u>	<u>(10,273)</u>
	47,244	122,079	46,873	103,940
Deferred tax				
In respect of the current period	<u>(60,275)</u>	<u>11,985</u>	<u>(59,581)</u>	<u>20,945</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (13,031)</u>	<u>\$ 134,064</u>	<u>\$ (12,708)</u>	<u>\$ 124,885</u>

- b. Income tax assessments

The tax returns through 2022 of the Company and Chi Mao Company have been assessed by the tax authorities.

23. EARNINGS PER SHARE

	Net Profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Share (NT\$)
<u>For the Three Months Ended June 30, 2024</u>			
Basic earnings per share			
Net income for the period attributable to owners of the Company	\$ 29,556	470,224	<u>\$0.06</u>
Effect of potentially dilutive ordinary shares:			
Profit sharing bonus of employees	-	85	
Convertible bonds	<u>418</u>	<u>10,152</u>	
Diluted earnings per share			
Net income for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 29,974</u>	<u>480,461</u>	<u>\$0.06</u>

	Net Profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Share (NT\$)
<u>For the Three Months Ended June 30, 2023</u>			
Basic earnings per share			
Net income for the period attributable to owners of the Company	\$ 205,158	446,734	<u>\$0.46</u>
Effect of potentially dilutive ordinary shares:			
Profit sharing bonus of employees	-	652	
Convertible bonds	<u>1,286</u>	<u>31,275</u>	
Diluted earnings per share			
Net income for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 206,444</u>	<u>478,661</u>	<u>\$0.43</u>
<u>For the Six Months Ended June 30, 2024</u>			
Basic earnings per share			
Net income for the period attributable to owners of the Company	\$ 78,003	470,224	<u>\$0.17</u>
Effect of potentially dilutive ordinary shares:			
Profit sharing bonus of employees	-	207	
Convertible bonds	<u>839</u>	<u>10,152</u>	
Diluted earnings per share			
Net income for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 78,842</u>	<u>480,583</u>	<u>\$0.16</u>
<u>For the Six Months Ended June 30, 2023</u>			
Basic earnings per share			
Net income for the period attributable to owners of the Company	\$ 298,675	446,734	<u>\$0.67</u>
Effect of potentially dilutive ordinary shares:			
Profit sharing bonus of employees	-	1,016	
Convertible bonds	<u>2,575</u>	<u>31,275</u>	
Diluted earnings per share			
Net income for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 301,250</u>	<u>479,025</u>	<u>\$0.63</u>

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

24. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Group entered into the following non-cash investing and financing activities which were not reflected in the financial statements of cash flows for the six months ended June 30, 2024 and 2023:

The amount of cash paid for the acquisition of property, plant and equipment for the six months ended June 30, 2024 and 2023, respectively, were as follows:

	For the Six Months Ended June 30	
	2024	2023
Purchase of property, plant and equipment	\$ 537,546	\$ 328,637
Net changes in payables for acquisition of equipment	(45,522)	215,933
Foreign exchange movements and inflation adjustments	<u>(1,264)</u>	<u>(59,632)</u>
Cash payments for property, plant and equipment	<u>\$ 490,760</u>	<u>\$ 484,938</u>

As of June 30, 2024, there were the unsettled payments for the distribution of cash dividends approved in the shareholders' meeting (refer to Note 19).

b. Changes in liabilities arising from financing activities

For the six months ended June 30, 2024

	Beginning Balance	Cash Flows	Non-cash Changes				Change in Exchange Rate and Effect of Inflation	Ending Balance
			Exercise of Conversion Option	Discount Amortization	Increasing in Leasing	Amortized Finance Costs		
Short-term bank borrowings	\$ 5,751,078	\$ 1,530,315	\$ -	\$ -	\$ -	\$ -	\$ (448)	\$ 7,280,945
Short-term bills payable	-	100,000	-	(110)	-	-	-	99,890
Bonds payable	228,240	-	(4,914)	1,049	-	-	-	224,375
Long-term bank borrowings (including current portion)	2,315,477	321,427	-	-	-	-	-	2,636,904
Guarantee deposits received	34,545	6,628	-	-	-	-	-	41,173
Lease liabilities	9,991	(5,661)	-	-	4,537	1,403	(706)	9,564
	<u>\$ 8,339,331</u>	<u>\$ 1,952,709</u>	<u>\$ (4,914)</u>	<u>\$ 939</u>	<u>\$ 4,537</u>	<u>\$ 1,403</u>	<u>\$ (1,154)</u>	<u>\$ 10,292,851</u>

For the six months ended June 30, 2023

	Beginning Balance	Cash Flows	Non-cash Changes				Change in Exchange Rate and Effect of Inflation	Ending Balance
			Exercise of Conversion Option	Discount Amortization	Increasing in Leasing	Amortized Finance Costs		
Short-term bank borrowings	\$ 4,824,074	\$ 1,018,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,842,244
Bonds payable	765,149	-	(47,090)	3,455	-	-	-	721,514
Long-term bank borrowings (including current portion)	2,042,857	(28,571)	-	-	-	-	-	2,014,286
Guarantee deposits received	30,385	(3,532)	-	-	-	-	-	26,853
Lease liabilities	14,464	(4,545)	-	-	1,660	835	(1,678)	10,736
	<u>\$ 7,676,929</u>	<u>\$ 981,522</u>	<u>\$ (47,090)</u>	<u>\$ 3,455</u>	<u>\$ 1,660</u>	<u>\$ 835</u>	<u>\$ (1,678)</u>	<u>\$ 8,615,633</u>

25. CAPITAL MANAGEMENT

The capital risk management objective, policies and procedures of the Group, as well as the capital structure of the Group remain consistent with the consolidated financial statements for the year ended December 31, 2023.

26. FINANCIAL INSTRUMENTS

a. Fair value

1) Fair value of financial instruments not measured at fair value

Management of the Group considers the carrying amounts of the Group's financial instruments that are not measured at fair value as close to their fair values or their fair values could not be reasonably measured.

2) Fair value of financial instruments measured at fair value on a recurring basis

a) Fair Value Hierarchy

The following analysis details the measurement of financial instruments since initial recognition. The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs, are observable.

	Level 1	Level 2	Level 3	Total
<u>June 30, 2024</u>				
Financial assets at FVTPL				
Domestic listed shares	\$ 179,500	\$ -	\$ -	\$ 179,500
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed share	1,290,723	-	-	1,290,723
Foreign unlisted shares	-	-	293,469	293,469
Investment in debt instruments				
Trade receivables	<u>-</u>	<u>-</u>	<u>32,983</u>	<u>32,983</u>
	<u>\$ 1,470,223</u>	<u>\$ -</u>	<u>\$ 326,452</u>	<u>\$ 1,796,675</u>
<u>December 31, 2023</u>				
Financial assets at FVTPL				
Domestic listed shares	\$ 198,000	\$ -	\$ -	\$ 198,000
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic and foreign unlisted shares and emerging-market shares	1,587,589	-	277,645	1,865,234
Investment in debt instruments				
Trade receivables	<u>-</u>	<u>-</u>	<u>23,787</u>	<u>23,787</u>
	<u>\$ 1,785,589</u>	<u>\$ -</u>	<u>\$ 301,432</u>	<u>\$ 2,087,021</u>

	Level 1	Level 2	Level 3	Total
<u>June 30, 2023</u>				
Financial assets at FVTPL				
Domestic listed shares	\$ 277,257	\$ -	\$ -	\$ 277,257
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic and foreign unlisted shares and emerging-market shares	2,264,384	-	277,645	2,542,029
Investment in debt instrument				
Trade receivables	<u>-</u>	<u>-</u>	<u>43,351</u>	<u>43,351</u>
	<u>\$ 2,541,641</u>	<u>\$ -</u>	<u>\$ 320,996</u>	<u>\$ 2,862,637</u>

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

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

For the six months ended June 30, 2024

Financial Assets	<u>Financial Assets at FVTOCI</u>		Total
	Equity Instruments	Debt Instruments	
Balance at January 1, 2024	\$ 277,645	\$ 23,787	\$ 301,432
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	15,824	-	15,824
Net increase in trade receivables	-	46,395	46,395
Factored trade receivables	<u>-</u>	<u>(37,199)</u>	<u>(37,199)</u>
Balance at June 30, 2024	<u>\$ 293,469</u>	<u>\$ 32,983</u>	<u>\$ 326,452</u>

For the six months ended June 30, 2023

Financial Assets	<u>Financial Assets at FVTOCI</u>		Total
	Equity Instruments	Debt Instruments	
Balance at January 1, 2023	\$ 277,645	\$ 12,047	\$ 289,692
Net increase in trade receivables	-	80,761	80,761
Factored trade receivables	<u>-</u>	<u>(49,457)</u>	<u>(49,457)</u>
Balance at June 30, 2023	<u>\$ 277,645</u>	<u>\$ 43,351</u>	<u>\$ 320,996</u>

Financial Liabilities at FVTPL	For the Six Months Ended June 30	
	2024	2023
<u>Derivatives</u>		
Balance at January 1	\$ -	\$ 236
Recognized in profit or loss (included in other gains and losses)	-	(236)
Balance at June 30	<u>\$ -</u>	<u>\$ -</u>

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

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Foreign unlisted shares in equity instruments	<p>Discounted cash flow:</p> <p>Consideration of long-term revenue growth rate, long-term pre-tax operating profit margin, weighted average cost of capital (WACC), liquidity discount and other factors, and calculate the present value of expected returns from holding this investment.</p> <p>Market approach:</p> <p>In the market approach, the selling price of comparable companies was used to estimate the fair value of the target asset through comparison, analysis and adjustments.</p>
Factored trade receivables	As the effect of discounting is not significant, the fair value is measured based on the original invoice amount.
Financial liabilities at FVTPL	<p>The binomial tree evaluation model of convertible bonds:</p> <p>Consideration of the duration, the share price and volatility of the convertible bond object, conversion price, risk-free interest rate, discount rate, liquidity risk of the convertible bonds and other factors</p>

b. Categories of financial instruments

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 179,500	\$ 198,000	\$ 277,257
Amortized cost	2,471,252	2,161,393	1,809,375
FVTOCI			
Equity instruments	1,584,192	1,865,234	2,542,029
Trade receivables	32,983	23,787	43,351

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial liabilities</u>			
Amortized cost	\$ 11,165,153	\$ 8,719,162	\$ 9,195,805

The balances include financial assets at amortized cost, which comprise cash, notes receivable, trade receivables, other receivables, pledged time deposits (recognized as other current assets) and refundable deposits (recognized as other current assets).

The balances include financial liabilities at amortized cost, which comprise short-term and long-term bank borrowings (including current portion of long-term borrowings), short-term bills payable, notes payable, trade payables, other payables, bonds payable and guarantee deposits.

c. Financial risk management objectives and policies

The Group's major financial instruments include equity, trade receivables, trade payables, borrowings, and lease liabilities. The Group's financial department 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 seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency 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 is 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.

The finance department reports quarterly to the management, an independent body that monitors risks and implements to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

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

a) Foreign currency risk

The Group enters into foreign currency-denominated sales and purchases, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the period are set out in Note 30.

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the NTD 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 foreign exchange forward contracts designated as cash flow hedges and adjusted their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase in profit (loss) before income tax associated with the NTD strengthening by 1% against the relevant currency. For a 1% weakening of the NTD against the relevant currency, there would be an equal and opposite impact on profit before income tax, and the balances below would be negative.

	Impact on profit or loss	
	For the Six Months Ended	
	June 30	
	2024	2023
NTD/USD	\$ 7,683	\$ 7,462
TRY/USD	4,445	2,614

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrow 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 defined risk appetites ensuring the most cost-effective hedging strategies are applied.

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

	June 30, 2024	December 31, 2023	June 30, 2023
Fair value interest rate risk			
Financial assets	\$ 2,100	\$ 2,100	\$ 2,100
Financial liabilities	233,939	238,231	732,250
Cash flow interest rate risk			
Financial assets	866,262	436,232	364,541
Financial liabilities	10,017,739	8,066,555	7,856,530

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the period was outstanding for the whole year. A 0.1% increase or decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.1% higher or lower and all other variables were held constant, the Group's profit before income tax for the six months ended June 30, 2024 and 2023 would have changed by \$4,576 thousand and \$3,746 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. The Group manages this exposure by maintaining a portfolio of investments with different risk levels.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the balance sheet date.

If equity prices been 1% higher or lower, pre-tax profit (loss) for the six months ended June 30, 2024 and 2023 would have changed by \$1,795 thousand and \$2,773 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Group. At the balance sheet date, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group continuously monitors its exposure to credit risk and the credit ratings of its counterparties and allocates the total transaction amount among the creditworthy customers. The Group's management also controls credit risk by reviewing the credit limits of its counterparties on an annual basis.

The Group also continuously evaluates the financial status of the customers of the trade receivables, and purchases credit guarantee insurance contracts when necessary.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, 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. As of June 30, 2024, December 31, 2023 and June 30, 2023, the amount of unused financing facilities was as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Amount of unused bank financing facilities	<u>\$ 13,247,617</u>	<u>\$ 13,891,555</u>	<u>\$ 13,684,010</u>

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

As the Group has sufficient operating capital, there is no liquidity risk from inability to raise funds to satisfy performance obligations.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods.

	Less than 1 Year	1-5 Years	Total
<u>June 30, 2024</u>			
Non-interest bearing liabilities	\$ 1,352,092	\$ -	\$ 1,352,092
Lease liabilities	4,993	5,177	10,170
Floating interest rate liabilities	7,966,549	2,051,190	10,017,739
Fixed interest rate liabilities	<u>-</u>	<u>227,400</u>	<u>227,400</u>
	<u>\$ 9,323,634</u>	<u>\$ 2,283,767</u>	<u>\$ 11,607,401</u>
<u>December 31, 2023</u>			
Non-interest bearing liabilities	\$ 389,822	\$ -	\$ 389,822
Lease liabilities	6,301	3,889	10,190
Floating interest rate liabilities	6,222,507	1,844,048	8,066,555
Fixed interest rate liabilities	<u>-</u>	<u>232,400</u>	<u>232,400</u>
	<u>\$ 6,618,630</u>	<u>\$ 2,080,337</u>	<u>\$ 8,698,967</u>
<u>June 30, 2023</u>			
Non-interest bearing liabilities	\$ 1,260,217	\$ -	\$ 1,260,217
Lease liabilities	6,980	4,290	11,270
Floating interest rate liabilities	6,094,625	1,761,905	7,856,530
Fixed interest rate liabilities	<u>-</u>	<u>738,100</u>	<u>738,100</u>
	<u>\$ 7,361,822</u>	<u>\$ 2,504,295</u>	<u>\$ 9,866,117</u>

d. Transfers of financial assets

Factored trade receivables that are not yet overdue at the end of the period were as follows:

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received Unused	Advances Received Used	Annual Interest Rates on Advances Received (Used)
<u>June 30, 2024</u>					
Fubon Bank	\$ 410,070 (USD 12,637)	\$ 41,224 (USD 1,270)	\$ 217 (USD 7)	\$ 368,846 (USD 11,367)	2M TAIFX3 +0.25%
<u>December 31, 2023</u>					
Fubon Bank	\$ 467,748 (USD 15,234)	\$ 458,742 (USD 14,940)	\$ 411,967 (USD 13,417)	\$ 9,006 (USD 293)	2M TAIFX3 +0.25%
<u>June 30, 2023</u>					
Fubon Bank	\$ 378,783 (USD 12,164)	\$ 329,467 (USD 10,580)	\$ 291,588 (USD 9,364)	\$ 49,316 (USD 1,584)	2M TAIFX3 +0.25%

Pursuant to the Group's factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Group, while losses from credit risk are borne by the banks (receivables factoring proceeds are classified as other receivables).

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

a. Categories of related parties

<u>Related Party</u>	<u>Relationship with the Company</u>
Tai Chyang Investment Co. Ltd.	Other related party
Chin Ying Fa Mechanical Ind. Co., Ltd.	Other related party

b. Sales revenue

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2024	2023	2024	2023
Other related parties	\$ 854	\$ 442	\$ 1,477	\$ 1,247

The transactions with the related parties were conducted without significant differences.

c. Receivables from related parties

Line Item	Related Party Category	June 30, 2024	December 31, 2023	June 30, 2023
Trade receivables	Other related parties	\$ 591	\$ 681	\$ 464

d. Other income

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2024	2023	2024	2023
Other related parties	\$ 7	\$ 7	\$ 15	\$ 15

e. Remuneration of key management personnel

Remuneration of key management personnel was as follows:

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2024	2023	2024	2023
Short-term employee benefits	\$ 8,139	\$ 14,458	\$ 16,298	\$ 24,140
Post-employment benefits	54	98	125	194
	<u>\$ 8,193</u>	<u>\$ 14,556</u>	<u>\$ 16,423</u>	<u>\$ 24,334</u>

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for usage of natural gas and construction:

	June 30, 2024	December 31, 2023	June 30, 2023
Pledged time deposits (classified as other current assets)	\$ <u>2,100</u>	\$ <u>2,100</u>	\$ <u>2,100</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencies and unrecognized commitments of the Group as of June 30, 2024 and 2023 were as follows:

- a. As of June 30, 2024, December 31, 2023 and June 30, 2023, unused letters of credit for purchases of raw materials amounted to \$862,320 thousand, \$140,437 thousand and \$442,308 thousand, respectively.
- b. As of June 30, 2024, December 31, 2023 and June 30, 2023, unpaid contracts for purchases of raw materials and equipment amounted to \$1,747,569 thousand, \$1,669,837 thousand and \$2,095,122 thousand, respectively.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	June 30, 2024		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Monetary items</u>			
Financial assets			
USD	\$ 40,365	32.45(USD/NTD)	\$ 1,309,847
USD	15,570	32.83(USD/TRY)	505,841
Financial liabilities			
USD	16,689	32.45(USD/NTD)	541,568
USD	1,888	32.83(USD/TRY)	61,330

	December 31, 2023		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Monetary items</u>			
Financial assets			
USD	\$ 36,416	30.705(USD/NTD)	\$ 1,118,147
USD	13,759	29.44(USD/TRY)	422,869
Financial liabilities			
USD	51	30.705(USD/NTD)	1,560
USD	505	29.44(USD/TRY)	15,505

	June 30, 2023		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Monetary items</u>			
Financial assets			
USD	\$ 30,193	31.14(USD/NTD)	\$ 940,196
USD	8,826	25.82(USD/TRY)	274,665
Financial liabilities			
USD	6,230	31.14(USD/NTD)	193,989
USD	427	25.82(USD/TRY)	13,303

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

	For the Three Months Ended June 30, 2024		For the Three Months Ended June 30, 2023	
	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gains (Losses)	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gains (Losses)
NTD	1.0000 (NTD/NTD)	\$ 49,560	1.0000 (NTD/NTD)	\$ 31,695
TRY	0.9998 (TRY/NTD)	<u>51,466</u>	1.4769 (TRY/NTD)	<u>265,548</u>
		<u>\$ 101,026</u>		<u>\$ 297,243</u>
	For the Six Months Ended June 30, 2024		For the Six Months Ended June 30, 2023	
	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gains (Losses)	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gains (Losses)
NTD	1.0000 (NTD/NTD)	\$ 100,285	1.0000 (NTD/NTD)	\$ 29,600
TRY	0.9897 (TRY/NTD)	<u>109,210</u>	1.2051 (TRY/NTD)	<u>307,337</u>
		<u>\$ 209,495</u>		<u>\$ 336,937</u>

31. SEPARATELY DISCLOSED ITEMS

- a. Information on significant transactions:
- 1) Financing provided to others (Table 1)
 - 2) Endorsements/guarantees provided (Table 2)
 - 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
 - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
 - 9) Trading in derivative instruments (None)
 - 10) Other: Intercompany relationships and significant intercompany transactions (Table 6)
- b. Information on investees (Table 7)
- c. Information on investments in mainland China (None)
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

32. 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 stainless steel tubes/pipes, stainless steel sheets/coils, and others.

Segment revenue and operating results

	For the Six Months Ended June 30			
	Segment Revenue		Segment Profit or Loss	
	2024	2023	2024	2023
Stainless steel tubes/pipes	\$ 3,983,543	\$ 4,383,673	\$ 291,643	\$ 207,002
Stainless steel sheets/coils	2,547,277	3,195,998	100,915	78,662
Others	<u>107,091</u>	<u>127,743</u>	<u>11,746</u>	<u>10,169</u>
Generated from continuing operating segment	<u>\$ 6,637,911</u>	<u>\$ 7,707,414</u>	404,304	295,833

For the Six Months Ended June 30			
Segment Revenue		Segment Profit or Loss	
2024	2023	2024	2023
Finance costs		\$ (91,797)	\$ (68,211)
Interest income		7,862	6,322
Other gains and losses, net		(445,960)	(177,422)
Net foreign exchange gain		209,495	336,937
(Loss) gain on disposal of property, plant and equipment		(109)	619
(Loss) gain on financial instruments at FVTPL		<u>(18,500)</u>	<u>29,482</u>
Profit before income tax		<u>\$ 65,295</u>	<u>\$ 423,560</u>

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales for six months ended June 30, 2024 and 2023.

Segment profit represents the gains and losses earned by each segment excluding finance costs, interest income, net other gains and losses, net foreign exchange gains, (loss) gain on disposal of property, plant and equipment, net (loss) gain on financial instruments at FVTPL and income tax (benefit) expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

YC INOX CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
 FOR THE SIX MONTHS ENDED JUNE 30, 2024
 (In Thousands of New Taiwan Dollars and Foreign Currency)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 3)	Ending Balance (Note 3)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)	Note
													Item	Value			
0	The Company	YC INOX TR Company	Other receivables-related party	Y	\$ 1,627,250 (USD 50,000)	\$ 1,298,000 (USD 40,000)	\$ 649,000 (USD 20,000)	8%	Short-term financing	\$ -	Operation	\$ -	-	\$ -	\$ 1,844,981	\$ 3,689,963	

Note 1: 0 represents the parent company.

Note 2: The financing limit for each borrower and aggregate financing limit are 20% and 40%, respectively, of the net assets of the Company.

Note 3: If the relevant figures in this table involve foreign currencies, they shall be converted into the New Taiwan dollar at the exchange rate on the balance sheet date.

YC INOX CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars and Foreign Currency)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	The Company	YC INOX TR Company	Subsidiary	\$ 1,844,981	\$ 325,450 (USD 10,000)	\$ 324,500 (USD 10,000)	\$ -	\$ -	3.52%	\$ 3,689,963	Y	-	-	-

Note 1: 0 represents the parent company.

Note 2: The financing limit for each borrower and aggregate financing limit are 20% and 40%, respectively, of the net assets of the Company.

Note 3: If the relevant figures in this table involve foreign currencies, they shall be converted into the New Taiwan dollar at the exchange rate on the balance sheet date.

YC INOX CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 2024

(In Thousands of New Taiwan Dollars and Shares)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2024			
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Company	<u>Ordinary Shares</u>						
	Ta Chen Stainless Pipe Co., Ltd.	None	Financial assets at FVTPL - current	5,000	\$ 179,500	0.21	\$ 179,500
	AltruBio Inc.	None	Financial assets at FVTOCI - non-current	11,051	67,634	9.31	67,634
	Gongwin Biopharm Holdings Co., Ltd.	None	Financial assets at FVTOCI - non-current	7,910	1,162,705	6.20	1,162,705
Chi Mao Company	<u>Preference Shares</u>						
	AltruBio Inc. - Series A-2	None	Financial assets at FVTOCI - non-current	20,426	125,006	23	125,006
	<u>Ordinary Shares</u>						
	AltruBio Inc.	None	Financial assets at FVTOCI - non-current	560	3,427	0.47	3,427
	Gongwin Biopharm Holdings Co., Ltd.	None	Financial assets at FVTOCI - non-current	871	128,018	0.68	128,018
	<u>Preference Shares</u>						
	AltruBio Inc. - Series A-1	None	Financial assets at FVTOCI - non-current	15,915	97,402	4.74	97,402

YC INOX CO., LTD AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note 2)		Acquisition (Note 3)		Disposal				Ending Balance (Note 2)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
The Company	Ordinary shares (Note 1)	Investment accounted for using the equity method	YC INOX TR Company	Subsidiary	3,685	\$ 5,947,025	862	\$ 869,463	-	\$ -	\$ -	\$ -	4,547	\$7,600,106

Note 1: YC INOX TR Company's ordinary shares have a par value of TRY 1,000 thousand.

Note 2: The balance included the share of profit or loss from investments in subsidiaries accounted for using the equity method and exchange differences on translating foreign operations.

Note 3: Refer to Note 11 of consolidated financial statements.

Note 4: Eliminated.

YC INOX CO., LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2024**

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

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	YC INOX TR Company	Subsidiary	\$ 660,060 (USD 20,341)	-	\$ -	-	\$ 323,978 (USD 10,220)	\$ -

Note: Eliminated.

YC INOX CO., LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship	Transaction Details			% of Total Operating Revenues or Assets
				Financial Statement Accounts	Amount (Note)	Payment Terms	
0	The Company	YC INOX TR Company	Subsidiary	Revenue from sale of goods	\$ 9,268	-	0.14
				Interest income	18,936	-	0.29
				Other receivables	660,060	-	3.05

Note: Eliminated.

YC INOX CO., LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company (Note)	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net Income (Loss) of the Investee	Share of Profit (Loss)
				June 30, 2024	December 31, 2023	Number of Shares	%	Carrying Amount		
The Company	Chi Mao Company	Shijou Township, Chang-Hwa County, Taiwan	Investment	\$ 100,120	\$ 100,120	10,000,000	100	\$ 165,770	\$ (920)	\$ (920)
	YC INOX TR Company	Turkey	Manufacturing and distribution of stainless steel tubes/pipes and sheets/coils	8,431,758	7,562,295	4,547	100	7,600,106	(399,014)	(399,014)

Note: Eliminated.

TABLE 8**YC INOX CO., LTD AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
JUNE 30, 2024**

Name of Major Shareholder	Shares	
	Number of Shares Held	Percentage of Ownership (%)
Tai Chyang Investment Co. Ltd.	61,209,508	13.01
Chang, Chin-Peng	26,030,000	5.53

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