

Stock Code: 9962



YEOU YIH STEEL CO., LTD

## ANNUAL REPORT

2022

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Market Observation Post System (MOPS)(<http://mops.tse.com.tw>)  
Company Website (<http://www.yeouyih.com.tw>)

Prepared by Yeou Yih Steel Co., Ltd.

Published on June 13, 2023

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Title: Finance Manager

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Attesting CPAs' names: CPA Kuo-Ming Lee, Ling-Wen Huang

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Website: <https://www.crowe.com/tw>

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V. Name of the stock exchanges listed for overseas securities trading and information on the inquiry of these securities: N/A.

VI. Company website: <http://www.yeouyih.com.tw>

# Yeou Yih Steel Co., Ltd.

## Table of Contents

	Page
One. Report to Shareholders .....	1
I. 2022 Business Report .....	1
II. Summary of the 2023 Business Plan.....	3
III. The Company's Future Development Strategy.....	4
IV. Impacts from the External Competition, Legal Environment and Overall Business Environment.....	4
Two. Company Introduction .....	6
I. Date of Establishment.....	6
II. Company History .....	6
Three. Corporate Governance Report .....	8
I. Organization .....	8
II. Background information of directors, supervisors, general manager, deputy general manager, assistant deputy general manager and heads of various segments and branches: .....	9
III. Remunerations paid to directors, supervisors, general manager and deputy general manager during the most recent year .....	18
IV. Corporate governance operation status .....	35
V. CPA Public Expense Information .....	94
VI. Information Related to CPA Change .....	95
VII. Has there been any Company Chairperson, General Manager, or Managerial Officer in Charge of Finance or Accounting Matters who was Previously Employed by the CPA's Firm or its Affiliates within the Last Year.....	96
VIII. Equity transfer and equity pledge modification status of directors, supervisors, managers and shareholders holding over 10% of the shares for the last years until the printing date of this annual report .....	97
IX. Information shareholders holding over 10% of the shares who are related to each other or are spouses or second-degree relatives .....	100
X. Combine the number of shares held for the same reinvestment enterprise by an enterprise directly or indirectly controlled by the Company and its directors, supervisors and managers; and calculate the comprehensive shareholding ratio: ....	100
Four. Fundraising Status .....	101
I. Capital and Shares .....	101
II. Corporate bonds (including overseas corporate bonds) processing status.....	109
III. Preferred share handling status .....	109
IV. Depository receipts handling status .....	109
V. Employee stock options handling status.....	109
VI. M&A or share transfer to other companies for new share issuance handling status ....	109
VII. Capital utilization plan implementation status .....	109

	Page
Five. Operation Overview.....	110
I. Business Contents.....	110
II. Marketing and Sales Status .....	113
III. The number of employees employed and their average length of service, average age, and distribution ratio of educational background in the past two years and as of the publication date of the annual report.....	123
IV. Environmental Protection Expenditure Information.....	123
V. Labor Relations .....	124
VI. Information Security Management: .....	126
VII. Major contracts.....	127
Six. Financial Overview.....	128
I. Condensed Balance & Comprehensive Income Statement for the Last 5 Years with CPAs' Names and their Review Opinions .....	128
II. Financial Analysis for the Last 5 Years .....	136
III. Audit Committee Review Report on the Latest Financial Report .....	146
IV. Most Recent Financial Report.....	147
V. For the parent company only financial statements audited and certified by the attesting CPA for the most recent year.....	147
VI. Financial Difficulties for the Company and its Affiliated Companies in the most Recent Year and as of the Date of Publication for this Annual Report as well as their Impact on the Company's Financial Status .....	147
Seven. Financial Status and Operation Results Review Analysis & Risk Matters .....	277
I. Financial Status .....	277
II. Financial Performance.....	280
III. Cash Flow .....	281
IV. The Impacts that Major Capital Expenditures Have on Financial Operations in the Most Recent Year.....	281
V. Reinvestment Policy in the Most Recent Year, the Main Reasons for its Profit or Loss, Improvement Plan, and Investment Plan for the Coming Year .....	282
VI. Risk Issues should Analyze and Evaluate the following matters in the Most Recent Fiscal Year as of the Publication Date of this Annual Report.....	282
VII. Other Important Issues .....	286
Eight. Special Record Items.....	287
I. Affiliated Enterprises Related Information.....	287
II. Private placement of securities during the most recent or current year up to the annual report's publication date .....	290
III. The holding or disposal of Company shares by subsidiaries in the most recent year to the day this annual report was printed .....	290
IV. Other Supplementary Information .....	290
V. Matters occurred in the most recent year and as of the publication date of the annual report that has a significant impact on the shareholders' equity or securities prices pursuant to Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act .....	290

## One. A report to Shareholders

In 2022, although the world continued to be affected by the COVID-19 pandemic, the impact of port congestion and container shortages was alleviated and shipments were smoother. The Company strengthened the promotion of its export business and gradually increased its annual sales volume, further bolstered by exchange rate gains due to the depreciation of the New Taiwan dollar in the third quarter, resulting in increased revenue and profitability for the Company. In 2022, the Company's revenue was NT\$3.5381 billion, net income was NT\$213.05 million and earnings per share was NT\$2.36, all of which were higher than the previous year (2021).

At the beginning of 2023, the price of stainless steel showed an upward trend. The Company will continue implementing cost control measures, purchasing competitively-priced raw materials and controlling reasonable inventory levels. With the efforts of all colleagues, we aim to successfully achieve the operation goals and create profits to give back to shareholders.

### I. 2022 Business Report

#### (I) Business Plan Implementation Results:

The Company's consolidated profit/loss for 2022 is as follows:

Unit: Thousand NTD			
	2022	2021	Difference
Net operating revenue	3,530,808	2,591,575	939,233
Operating cost	-3,168,241	-2,339,172	829,069
Operating profit margin	362,567	252,403	110,164
Operating expenses	-111,499	-88,590	22,909
Operating income	251,068	163,813	87,255
Non-operating income & expense	16,803	11,505	5,298
Net income before tax	267,871	175,318	92,553
Income tax	-54,820	-35,152	19,668
Net income after tax	213,051	140,166	72,885
Earnings per Share	NT\$2.36	1.55 元	0.81 元
Diluted earnings per share	NT\$2.35	1.55 元	0.80 元

(II) Budget execution status: The Company did not disclose its financial forecast for 2022, so the budget execution status is not applicable.

#### (III) Financial revenue/expenditure and profitability analysis:

Item			2022	2021
Financial structure	Debt-to-asset ratio (%)		19.52	35.40
	The ratio of long-term funds to real estate, plant, and equipment (%)		425.61	418.38
Solvency	Current ratio (%)		421.10	243.01
	Quick ratio (%)		99.01	39.95
	Interest coverage ratio		147.69	126.76
Profitability	Return on assets (%)		13.50	10.09
	Return on equity (%)		18.61	13.84
	Ratio accounted for the paid-up capital (%)	Operating income	27.82	18.15
		Pre-tax profit	29.69	19.43
	Net profit rate (%)		6.03	5.40
	Earnings per share (NT\$)		2.36	1.55

#### (IV) R&D Status

##### 1. The technical level of the businesses operated

- (1) The Company has successfully developed the solution heat treatment technology for stainless steel thick plates, which meets the ASTM, ASME, JIS, DNV shipbuilding materials, EN, and CNS requirements.
- (2) Our Company's technology for the metallographic structure of stainless steel thick plates significantly impacts stainless steel quality, and the technical level is quite high.
- (3) The technology developed by our Company to ensure the flatness of stainless steel thick plates has extremely important requirements for the appearance quality of stainless steel. The technical level has surpassed the requirements of ASTM, ASME, JIS, DNV shipbuilding materials, EN, and CNS standards.
- (4) The pickling technology developed by our Company for stainless steel thick plates is the basic condition for the appearance quality of our stainless steel plates, and the technical level has met the specification requirements.
- (5) Yeou Yih Steel Co., Ltd. has passed or obtained the following relevant product quality and environmental certifications as follows:

Item	Item Name	Valid period
1	Obtained the "Building Material Manufacturer" German TUV certification	2021/05/15-2024/05/28
2	Obtained the "PED/AD2000-W0/W2 Pressure Vessel Material Manufacturer" TUV certification	2021/05/20-2024/05/28
3	Passed German "TUV ISO9001: 2015 International Quality Management Qualification" certification	2021/05/28-2024/05/28
4	Obtained the Norwegian "DNV NV304L/NV316L Shipbuilding Materials Factory Verification" certification	2021/06/19-2024/06/30
5	Passed the British "SGS ISO14001: 2015 International Environmental Management System" certification	2021/12/18-2024/12/18

- (6) Yeou Yih International Co., Ltd. has passed or obtained the following relevant product quality and environmental certifications as follows:

Item	Item Name	Valid period
1	Obtained the Japanese "Industrial Standard JIS MARK" certification	2021/04/01-2024/03/31

##### 2. The R&D of the Businesses Operated

- (1) Solution heat treatment
  - a. Regenerative burner solid solution furnaces energy-conservation technology.
  - b. Solid solution furnace uniform temperature control technology.
  - c. Quenching water uniform cooling technology.
- (2) Stainless steel material
  - a. Stainless steel homogenization technology.
  - b. Solution temperature condition and holding time optimization.

- c. Production of cryogenic pressure vessel materials.
- d. Flatness optimization technology for thick stainless steel plates.
- e. Grain size and mechanical property processing capability.
- (3) Stainless steel surface treatment
  - a. Pickling solution concentration optimization technology.
  - b. Pickling process condition optimizing technology.
  - c. Sandblasting and derusting process condition optimization.
- (3) Successfully developed technologies or products
  - (1) Stainless steel materials for low-temperature pressure vessels.
  - (2) Construction-use stainless steel materials.
  - (3) Ship-building stainless steel materials.
  - (4) JIS G4304 compliance stainless steel plates.

## II. Summary of the 2023 Business Plan

### (I) Operating policy:

Item	Operating Policy
Client Aspect	Actively develop clients and expand operation scales.
Product Aspect	Invest in equipment upgrades and high-quality supply products.
Market Aspect	Grasp the market dynamics and provide the best services.
Financial Aspect	Optimize the financial structure and sustainable operation of the enterprise.

### (II) Expected sales volume and supporting basis:

Unit: ton

Product Items	Estimated Sales Weight	Basis
Stainless Steel Plates	33,600	2023 sales plan formulated according to the production capacity and market forecasts

(III) Important production and sales policies:

Business Development	Production and Sales Policy
Client Aspect	1. Strengthen communications to enhance cooperative relationships. 2. Strengthen post-sales services and increase client satisfaction.
Product Aspect	1. Strengthen process management and improve product quality. 2. Strengthen scheduling management and shorten product delivery time. 3. Strengthen the relationship with suppliers and stabilize the supply source.
Market Aspect	1. Actively expand domestic and overseas markets and increase product visibility. 2. Deepen client relationships and improve service processes.
Financial Aspect	1. Enhance the relationship with banks and strive for preferential conditions. 2. Stabilize the enterprise's financial constitution and operations.

III. The Company's Future Development Strategy

The Company is part of the stainless steel thick plate midstream processing industry and plays an important role in the stainless steel industry system. As a result, the Company's successes and failures are directly influenced by the upstream steel and downstream related industries. Therefore, our future development strategies are as follows:

- (I) Stable source material supply.
- (II) Master the raw material procurement market.
- (III) Production technology and product quality.
- (IV) Master the sales channels.

IV. Impacts from the External Competition, Legal Environment and Overall Business Environment

Taiwan's stainless steel thick plate market has matured, and profit margins are increasingly compressed. Only by increasing turnover can we improve profits. Our company is leading in the domestic stainless steel thick plate industry. However, stainless steel has high international circulation under the free market economic system, so we must face competition from foreign manufacturers in domestic and foreign markets. The international trend has shifted from protection to openness due to the abolition of Article 201 by the United States, the withdrawal of defense measures by the European Union, and the abolition of the final guarantee clause in mainland China. Taiwan joined the WTO in 2003. Under the WTO system, all member countries must eliminate domestic tariffs and non-tariff barriers. Taiwan's steel market can become a fully open international market. In the future, the influence of foreign tariffs and non-tariff trade obstacles for various types of steel products exported from Taiwan will be greatly reduced, which will be more conducive to steel product exports.

The international steel market has recently shifted due to the lifting of pandemic lockdown measures in China, creating new demand and price changes. Baosteel took the lead in raising



prices and the influence of declining nickel ore imports and with the restoration of market confidence, international nickel prices rose sharply to a recent high, the stainless steel industry should be able to benefit and is worthy of investors' attention.

Russia and Ukraine have played a significant role in the international steel market, with Russia being the sixth largest steel producer in the world, producing 76 million tons of steel in 2021. Ukraine, with an annual production of 21 million tons, is the 14th largest steel producing country, Vietnam has an annual production of 23 million tons and Taiwan also has an annual production of 23 million tons; all these countries have considerable influence on global steel production.

The war between Russia and Ukraine has profoundly affected the global steel supply. Ukraine has markedly reduced its production capacity and Russia has dumped a large amount of steel after the war broke out in order to raise funds for military spending, resulting in impacts to global steel market prices in 2022. It is worth noting that India has become a new production base in the international supply chain and the demand is increasing exponentially, while China has seen a resurgence in the construction and manufacturing industry with the lifting of pandemic restrictions; therefore we foresee a spike in demand for steel products.

Chairperson: Hsien-Tong Liu

President: Jui-Hsin Chang

Accounting supervisor: Chung-Chih Chen

## One. Company Introduction

I. Date of Establishment: January 29, 1996

### II. Company History

January 1996	The Company was approved for establishment and registration with a capital of NT\$80,080,000.
October 1997	Plant-1 was completed.
February 1998	Increased capital by NT\$119,720,000 via creditor's rights transfer to the capital increase, and the capital after the increase was NT\$199,800,000.
July 1998	Plant-2 was completed.
October 1999	The Company's stock is approved for public offering by the Securities & Futures Institute.
January 2000	Handled a cash capital increase of NT\$112,200,000, and the capital after the increase was NT\$312,000,000.
September 2000	Handled a cash capital increase of NT\$31,200,000, and the capital after the capital increase was NT\$343,200,000.
December 2000	Passed ISO9002 international quality certification and ISO14001 environmental management system certification.
March 2003	Promoted the company-wide inventory computerized operating system.
May 2003	The Company's stock was approved to be traded in the emerging stock market.
December 2003	Passed ISO9001 international quality certification and ISO14001 environmental management system certification. Reelected directors and supervisors, including 2 independent directors and 1 supervisor with separate functions.
September 2004	Handled a cash capital increase of NT\$51,480,000, and the capital after the capital increase was NT\$394,680,000.
December 2004	Handled a cash capital increase of NT\$106,563,600, and the capital after the capital increase was NT\$501,243,600.
July 2006	The Company's stock was approved to be traded in the OTC market. Handled a cash capital increase of NT\$62,756,400, and the capital after the capital increase was NT\$564,000,000.
September 2007	Handled a cash capital increase of NT\$169,200,000, and the capital after the capital increase was NT\$733,200,000.
January 2009	Obtained the "Steel Industry Radiation Detection Operation" certificate from the Atomic Energy Council
September 2010	Handled a cash capital increase of NT\$51,324,000, and the capital after the capital increase was NT\$784,524,000.
August 2011	Handled a cash capital increase of NT\$117,678,600, and the capital after the capital increase was NT\$902,202,600.
May 2019	Used reinvestment to establish 100%-owned Yeou Yih International Co., Ltd. with a capital of NT\$20,000,000.
April 2021	Yeou Yih International Co., Ltd. obtained the Japanese "Industrial Standard JIS MARK" certification

(I) Mergers and acquisitions: None.

(II) Reinvestment in affiliated companies: see Eight. Special Record Items / I. Affiliated Enterprises Related Information

(III) Reorganization status: None.

(IV) Mass transfer or replacement of directors, supervisors, or major shareholders holding over 10% of shares: None.

(V) Change of management rights: None.

(VI) Significant changes in business methods or contents: None.

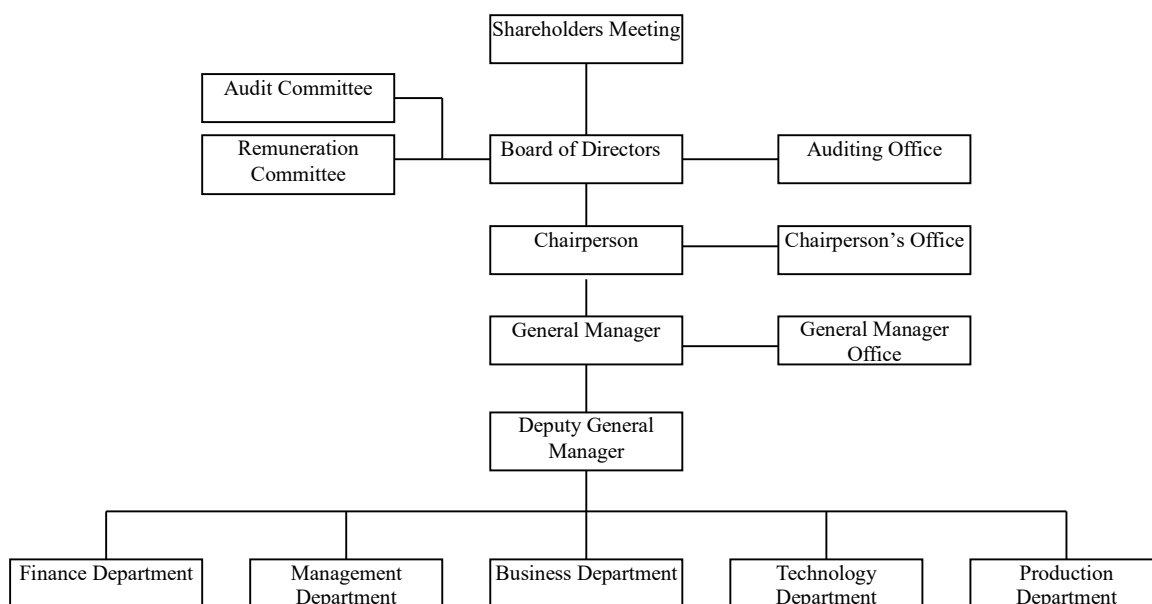
(VII) Other important matters that may affect the shareholders' equity and the Company: None.

(VIII) Information from previous years has a significant impact on understanding the company's development: None.

### Three. Corporate Governance Report

#### I. Organization

##### (I) Organization Structure



##### (II) Business Operations by Major Departments

Department	Responsible Business
Auditing Office	Internal audit system organization and execution.
Chairperson's Office	Responsible for operations of the board of directors, audit committee, remuneration committee, shareholder meeting, stock affairs, etc.
General Manager Office	The Company's main system planning and promotion, business management analysis and strategy formulation, and computerized information system planning and promotion.
Finance Department	In charge of finance, accounting, costing, budgeting, financial disclosure information reporting, etc.
Management Department	In charge of personnel, general affairs, procurement, etc.
Business Department	In charge of domestic and foreign sales, market research and surveys, etc.
Technology Department	In charge of R&D, quality assurance, technical services, etc.
Production Department	In charge of production management, production, warehouse management, public works, environmental safety and health, labor safety, fire safety, etc.

## II. Background information of directors, supervisors, general manager, deputy general manager, assistant deputy general manager and heads of various segments and branches:

### (I) Directors and supervisors

#### Background of directors and supervisors (I)

April 15, 2023

Title (Note 1)	Nationality or Registration Area	Name	Gender (Age) (Note 2)	Date elected (appointed)	Tenure	Initial election date (note 3)	Number of shares held at the time of election to office		Number of shares currently held		Holding of shares at present by spouse, underage children.		Holding of shares in the name of a third party		Main (education) experience (Note 4)	Additional posts in the Company and other companies at present	Other heads, directors, or supervisors who are spouses or relatives of second degree			Remarks (Note 5)
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relation	
Chairperson	Republic of China	Hong Yu Industrial Co., Ltd. Representative: Hsien- Tong Liu	Male (61-70)	2021/07/21	3 years	2015/06/11	1,500,000 4,000,000	1.66% 4.43%	1,500,000 4,000,000	1.66% 4.43%	0 0	0% 0%	0 0	0% 0%	Master of Business Administration, Rider University, Colorado, USA Chairperson of Tang Eng Iron Works Co., Ltd.	Chairperson of Yeou Yih Steel Co., Ltd. Chairperson of PACIFIC HARBOUR STEVEDORING CORP.	Director Director General Manager	Hsien-Jung Liu Hung-Sheng Liu Jui-Hsin Chang	Brother Father and Son Father-in- law and daughter- in-law	
Director	Republic of China	Hsien-Jung Liu	Male (61-70)	2021/07/21	3 years	2000/12/26	2,208,978	2.45%	1,871,978	2.07%	40,000	0.04%	0	0%	Elementary school Sym Wang Iron Steel Co., Ltd.	Senior Consultant of Yeou Yih Steel Co., Ltd.	Chairperson	Hsien-Tong Liu	Brother	
Director	Republic of China	Hung-Sheng Liu	Male (41-50)	2021/07/21	3 years	2012/06/14	500,000	0.55%	500,000	0.55%	0	0%	0	0%	Master of Business Administration, Doctor of Public Administration, University of La Verne, California	Special Assistant to Chairperson of Yeou Yih Steel Co., Ltd. Dean of the Department of Public Policy and Management, I-Shou University Director of Bank of Kaohsiung Co., Ltd.	Chairperson General Manager	Hsien-Tong Liu Jui-Hsin Chang	Father and Son Spouse	
Director	Republic of China	Yusheng Investment & Development Co., Ltd. Representative: Ching- Tsung Huang	Male (51-60)	2021/07/21	3 years	2000/12/26	5,409,129 0	6.00% 0%	5,409,129 0	6.00% 0%	0 0	0% 0%	0 0	0% 0%	Department of Accounting, Feng Chia University	Deputy General Manager of Yusheng Investment & Development Co., Ltd. Chairperson of Zichuan Investment Co., Ltd. Director of Xinglong Investment Co., Ltd.	N/A	N/A	N/A	
Director	Republic of China	Han-Chun Hsiao	Male (61-70)	2021/07/21	3 years	2015/06/11	1,441,571	1.60%	741,571	0.82%	0	0%	0	0%	Department of Forestry, National Chung Hsing University Confidential Secretary of Kaohsiung County Government	Chairman of Kaohsiung City Farmers' Association Supervisor Taiwan Cooperative Bank	N/A	N/A	N/A	
Director	Republic of China	Chien-Hua Huang	Male (51-60)	2021/07/21	3 years	2000/12/26	2,050,000	2.27%	2,142,000	2.37%	0	0%	0	0%	Department of Arts & Culture, Open University of Kaohsiung	N/A	N/A	N/A	N/A	
Independent director	Republic of China	Chih-Hsueh Lin	Male (41-50)	2021/07/21	3 years	2015/06/11	0	0%	0	0%	0	0%	0	0%	Doctoral Graduate from the Department of Computer Science and Engineering, National Sun Yat- sen University Assistant Professor of SHU-TE University Computer and Communication	Associate Professor of the Department of Electronic Engineering, National Kaohsiung University of Science and Technology	N/A	N/A	N/A	
Independent director	Republic of China	Mei-Yao Chang	Female (51-60)	2021/07/21	3 years	2018/06/19	0	0%	0	0%	0	0%	0	0%	Doctoral Graduate from the Industrial Technology Department of Education, National Kaohsiung Normal University	Full-time Associate Professor of Cheng Shiu University Adjunct Associate Professor of National Kaohsiung University of Science and Technology	N/A	N/A	N/A	
Independent director	Republic of China	Yu-Liang Pan	Male (61-70)	2021/07/21	3 years	2021/07/21	56,000	0.06%	0	0%	0	0%	0	0%	Master of Advanced Management, National Sun Yat-sen University	Special Assistant to the Chairman of Qualipoly Chemical Corp.	N/A	N/A	N/A	

Note 1: For corporate shareholders, list the names of corporate shareholders and their representatives separately (for corporate shareholder representative, the corporate shareholder's name must be specified), and fill-in Table 1 below.

Note 2: Please list the actual age, and it must be expressed in intervals, such as 41-50 years old or 51-60 years old.

Note 3: Fill-in the time first serving as a director or supervisor of the Company. In case of an interruption, explain why in a note.

Note 4: For experience related to the current position, please state the job title and responsible position if you have worked in a CPA firm or affiliated company during the previous disclosure period.

Note 5: If the Company chairperson, general manager, or equivalent title holder (top manager) is the same person or are spouses or relatives within the first degree of kinship; please explain the reason, rationality, necessity, and corresponding measures (for example, increase the number of independent directors whereby over half of the directors have never served as employees or managers) related information: Chairperson Hsien-Tung Liu is a relative within the first degree of kinship of General Manager Jui-Hsin Chang. To strengthen the corporate governance function, an independent director was added in response to the re-election of directors and supervisors.

Dominant shareholders of the institutional shareholder

Names of corporate shareholders (Note 1)	Dominant shareholders of the institutional shareholder (Note 2)
Yusheng Investment & Development Co., Ltd. Company	Lianshuo Investment & Development Co., Ltd. (49.24%), Xinglong Investment & Development Co., Ltd. (24.75%), Weiqiao Investment & Development Co., Ltd. (11.16%), Weihong Investment & Development Co., Ltd. (12.46%)
Hong Yu Industrial Co., Ltd.	Chiung-Hui Liu (20%), Hsien-Tong Liu (31%), Hsin-Ying Lin (21%), Hong-Cheng Liu (8%), Yi-Chun Liu (20%)

Note 1: The name of the juridical person shareholder must be filled in if directors and supervisors are juridical person shareholder representatives.

Note 2: Fill in the name of the major shareholder of the juridical person shareholder (with the top 10 shareholding ratio) and the shareholding ratio. If the main shareholder is a corporation, fill in Table 2 below.

Note 3: If a corporate shareholder is not a company organization, the preceding names of shareholders and shareholding ratios that must be disclosed shall be the names of the investors or donors and their capital contribution or donation ratios (the announcements of the Judicial Yuan can be referred to for more information.) The name of the donor and the percentage of his or her capital contribution or donation, and if the donor is deceased, add “deceased”.

Major shareholders of major corporate shareholders

Names of corporate shareholders	Dominant shareholders of the institutional shareholder
Lianshuo Investment & Development Co., Ltd. Company	I-Shou Lin (11.40%), Weihong Investment & Development Co., Ltd. (18.25%), Xinglong Investment & Development Co., Ltd.(18.19%), Weiqiao Investment & Development Co., Ltd. (18.10%)
Xinglong Investment & Development Co., Ltd.	I-Shou Lin (31.5%)、Yueh-E Tsai Lin (18.52%), Weiqiao Investment & Development Co., Ltd. (19.9%), E-Da Healthcare Group (10.57%), Weihong Investment & Development Co., Ltd.(11.38%)
Weiqiao Investment & Development Co., Ltd.	Xinglong Investment & Development Co., Ltd. (13.01%), Yusheng Investment & Development Co., Ltd. (13.03%), Xinyang Investment & Development Co., Ltd. (13.51%), Lianshuo Investment & Development Co., Ltd. (10.21%), Weihong Investment & Development Co., Ltd. (15.89%), Jiayuan Investment & Development Co., Ltd. (17.42%)
Weihong Investment & Development Co., Ltd.	I-Shou Lin (18.21%), Yieh Hong Enterprise Co., Ltd. (25.41%), Xinglong Investment & Development Co., Ltd. (20.19%), Weiqiao Investment & Development Co., Ltd. (13.4%), Jiayuan Investment & Development Co., Ltd., (11.39%), Lianshuo Investment & Development Co., Ltd. (10.43%)

Note 1: If the major shareholder in Table 1 above is a corporate person, fill in the name of the corporate person.

Note 2: Fill in the name of the corporate person’s major shareholder (with the top 10 shareholding ratio) and the shareholding ratio.

Note 3: If a corporate shareholder is not a company organization, the preceding names of shareholders and shareholding ratios that must be disclosed shall be the names of the investors or donors and their capital contribution or donation ratios (the announcements of the Judicial Yuan can be referred to for more information.) The name of the donor and the percentage of his or her capital contribution or donation, and if the donor is deceased, add “deceased”.

Information on directors and supervisors (II)

I. Information Disclosure on Directors' and Supervisors' Professional Qualifications and Independent

Condition Name	Professional qualifications and experience (Note 1)	Independence status (Note 2)	The number of additional posts as independent directors with other publicly-traded companies
Hsien-Tong Liu	1. Has business, legal affairs, finance, accounting, or corporate business experience. 2. With no condition listed by Article 30 of the Company Act.	1. Ratio of shares held by the subject, the subject's spouse, or relatives within the second degree of kinship held (or held under the name of others): 6,792,000 shares, 7.53%. 2. Acting as a director, supervisor, or employee of a company with a specific relationship with this Company: He is the chairman of the Company's 100%-owned reinvestment subsidiary Yeou Yih International Co., Ltd. 3. The amount of remuneration received for providing business, legal, financial, accounting, and other services to the Company or its affiliated companies in the last 2 years: None.	0
Hsien-Jung Liu	1. Has business, finance, accounting, or corporate business experience. 2. With no condition listed by Article 30 of the Company Act.	1. Ratio of shares held by the subject, the subject's spouse, or relatives within the second degree of kinship held (or held under the name of others): 2,115,982 shares, 2.35%. 2. Not serving as a director, supervisor, or employee of a company that has a specific relationship with this Company. 3. The amount of remuneration received for providing business, legal, financial, accounting, and other services to the Company or its affiliated companies in the last 2 years: None.	0
Hung-Sheng Liu	1. Has business, legal affairs, finance, accounting,	1. Ratio of shares held by the subject, the subject's spouse, or	1

	<p>or corporate business experience.</p> <p>2. With no condition listed by Article 30 of the Company Act.</p>	<p>relatives within the second degree of kinship held (or held under the name of others): 6,792,000 shares, 7.53%.</p> <p>2. Not serving as a director, supervisor, or employee of a company that has a specific relationship with this Company.</p> <p>3. The amount of remuneration received for providing business, legal, financial, accounting, and other services to the Company or its affiliated companies in the last 2 years: None.</p>	
Ching-Tsung Huang	<p>1. Has business, legal affairs, finance, accounting, or corporate business experience.</p> <p>2. With no condition listed by Article 30 of the Company Act.</p>	<p>1. Ratio of shares held by the subject, the subject's spouse, or relatives within the second degree of kinship held (or held under the name of others): None</p> <p>2. Not serving as a director, supervisor, or employee of a company that has a specific relationship with this Company.</p> <p>3. The amount of remuneration received for providing business, legal, financial, accounting, and other services to the Company or its affiliated companies in the last 2 years: None.</p>	0
Han-Chun Hsiao	<p>1. Has business, legal affairs, finance, accounting, or corporate business experience.</p> <p>2. With no condition listed by Article 30 of the Company Act.</p>	<p>1. Ratio of shares held by the subject, the subject's spouse, or relatives within the second degree of kinship held (or held under the name of others): 741,571 shares (0.82%).</p> <p>2. Not serving as a director, supervisor, or employee of a company that has a specific relationship with this Company.</p> <p>3. The amount of remuneration received for providing business, legal, financial, accounting, and other services to the Company or its affiliated companies in the last 2 years:</p>	0



		None.	
Chien-Hua Huang	1. Has business experience. 2. With no condition listed by Article 30 of the Company Act.	1. Ratio of shares held by the subject, the subject's spouse, or relatives within the second degree of kinship held (or held under the name of others): 6,721,750 shares, 7.45%. 2. Not serving as a director, supervisor, or employee of a company that has a specific relationship with this Company. 3. The amount of remuneration received for providing business, legal, financial, accounting, and other services to the Company or its affiliated companies in the last 2 years: None.	0
Chih-Hsueh Lin	1. Has business, legal affairs, finance, accounting, or corporate business experience. 2. With no condition listed by Article 30 of the Company Act.	1. Ratio of shares held by the subject, the subject's spouse, or relatives within the second degree of kinship held (or held under the name of others): None 2. Not serving as a director, supervisor, or employee of a company that has a specific relationship with this Company. 3. The amount of remuneration received for providing business, legal, financial, accounting, and other services to the Company or its affiliated companies in the last 2 years: None.	0
Mei-Yao Chang	1. Has business, legal affairs, finance, accounting, or corporate business experience. 2. With no condition listed by Article 30 of the Company Act.	1. Ratio of shares held by the subject, the subject's spouse, or relatives within the second degree of kinship held (or held under the name of others): None 2. Not serving as a director, supervisor, or employee of a company that has a specific relationship with this Company. 3. The amount of remuneration received for providing business, legal, financial,	0

		accounting, and other services to the Company or its affiliated companies in the last 2 years: None.	
Yu-Liang Pan	1. Has business, legal affairs, finance, accounting, or corporate business experience. 2. With no condition listed by Article 30 of the Company Act.	1. Ratio of shares held by the subject, the subject's spouse, or relatives within the second degree of kinship held (or held under the name of others): None 2. Not serving as a director, supervisor, or employee of a company that has a specific relationship with this Company. 3. The amount of remuneration received for providing business, legal, financial, accounting, and other services to the Company or its affiliated companies in the last 2 years: None.	0

## II. Diversity and independence of the board of directors:

### (I) Diversity of the board of directors:

#### 1. Diversity policy:

The Company has formulated the “Corporate Governance Best Practice Principles” to ensure diversity is considered for the composition of the board of directors as well as appropriate diversified policies for its own operations, operating patterns, and development needs. Said policies shall include, but are not limited to, the following 2 major standards:

- (1) Basic conditions and values: gender, age, nationality, culture, etc.
- (2) Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, industrial experience, etc.

The members of the board of directors shall generally possess the knowledge, skills, and qualities necessary to perform their duties. The board of directors as a whole must possess the following capabilities to achieve the ideal corporate governance goals:

- (1) Operational judgment capability.
- (2) Accounting and financial analysis capability.
- (3) Operation and management capability.
- (4) Crisis management capability.
- (5) Industry knowledge.
- (6) International market view.
- (7) Leadership capacity.
- (8) Decision-making capacity.
- (9) Sustainability management capacity.

#### 2. Diversification management objectives:

The Company's board of directors shall guide its strategy, supervise the

management, and be responsible to the Company and its shareholders. The operations and arrangements of its corporate governance system must ensure that the board of directors exercises its powers according to the laws, the regulations of the Company's articles of association, or the resolutions of the shareholders' meetings. The specific management objectives are as follows:

- (1) The Company's board of directors must also pay attention to gender equality, and the board members should include at least one female director:

Achievement status: One female independent director is on the current board of directors.

- (2) The Company's board of directors must focus on operational judgment, operational management, and crisis management capabilities. Over 2/3 of the directors must have the capabilities to manage the relevant core projects:

Achievement status: All 9 directors of the company have operational judgment and operation management capabilities, and 8 directors have crisis management capabilities.

- (3) Independent directors shall not be re-elected for over 3 terms to ensure their independence:

Achievement status: Independent director Chih-Hsueh Lin was elected for 3 terms, Mei-Yao Chang was elected for 2 terms, and Yu-Liang Pan was elected for 1 term.

- (4) Among the directors, the number of staff who are employees of the Company, parent company, subsidiary company, or brother company shall be less than (including) 1/3 of the directors' seats to achieve the purpose of supervision:

Achievement status: Director Hung-Sheng Liu is serving as the Special Assistant to the Chairman of Yeou Yih Steel Co., Ltd. The other 8 directors are not employees of the Company or its parent company, subsidiary company, or brother company.

### 3. Board member diversity policy achievement status:

The directors of the Company have all the necessary knowledge, skills, accomplishments, and industrial decision-making and management capabilities for business execution. The Company has also continued to arrange various advanced training courses for directors to improve their decision-making quality, fulfill their supervisory responsibilities, and strengthen the functions of the board of directors. The Company's 9th board of directors has a total of 9 members, including 3 independent directors, to ensure the board of directors' independence. There is 1 part-time employee, accounting for 11.11%. One female director has been elected to ensure gender equality. The board of directors members have rich operation and management experience. Each member has a relevant professional background as well as the professional knowledge, skills, and accomplishments necessary to perform their respective duties. Among the 9 core competencies, at least 1/3 of the members have the ability to execute the relevant business operations. More than 80% of the members have core capabilities related to the Company's 3 core emphases: operation judgment, operation management, and crisis management. The relevant evaluation information is as follows:

Diversified core competencies	Gender	Nationality	Currently an employee of the Company?	Year of birth	Operational judgment capability	Financial accounting capability	Operation and management capability	Crisis management capability	Industry knowledge capability	International market view	Leadership capacity	Decision-making capacity	Sustainability management capacity
Name of director													
Hsien-Tong Liu Director	Male	Republic of China	V	41	V	V	V	V	V	V	V	V	V
Hsien-Jung Liu Director	Male	Republic of China		44	V	V	V	V	V	V	V	V	V
Ching-Tsung Huang Director	Male	Republic of China		52	V	V	V	V	V	V	V	V	V
Hung-Sheng Liu Director	Male	Republic of China	V	66	V		V	V	V	V	V	V	V
Han-Chün Hsiao Director	Male	Republic of China		41	V		V	V	V	V	V	V	V
Chien-Hua Huang Director	Male	Republic of China		59	V		V		V			V	V
Chih-Hsueh Lin Independent director	Male	Republic of China		66	V		V	V	V		V	V	V
Mei-Yao Chang Independent director	Female	Republic of China		54	V		V	V	V		V	V	V
Yu-Liang Pan Independent director	Male	Republic of China		43	V	V	V	V	V	V	V	V	V

(II) Independence of the board of directors:

1. The Company has 3 independent directors, accounting for 33.30% of the total 9 directors.
2. The independent directors, Yu-Liang Pan holds 0%, Chih-Hsueh Lin holds 0% and Mei-Yao Chang holds 0%.
3. None of the independent directors are directors, supervisors, or employees of companies that have a specific relationship with the Company (refer to Article 3, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).
4. All directors have not received any remuneration from the Company or its affiliated companies for business, legal, financial, accounting, and other services provided in the last two years.
5. Status regarding matters specified in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act.
  - 5-1. According to this Act, the board of directors of a company that has issued shares shall establish at least five directors: The company has 7 directors.
  - 5-2. When the government or a juridical person is a shareholder of a public company, its representative shall not be elected or serve as the director and supervisor of the company at the same time unless approved by the competent authority, and Paragraph 2, Article 27 of the Company Act shall not apply: The company has set up an audit committee to replace the supervisor.
  - 5-3. Unless approved by the competent authority, directors shall have over half of the seats and shall not have any of the following relationships ([1] spouse or [2] relatives within the second degree): Among the 9 members of the company's board of directors, Hsien-Tong Liu and Hsien-Jung Liu are brothers; and Hsien-Tong Liu is Hung-Sheng Liu's father.
  - 5-4. Unless approved by the competent authority, at least one seat among supervisors or between supervisors and directors must not have any of the relationships described in any of the preceding paragraphs: Among the 9 members of the company's board of directors, 6 directors do not have the relationship mentioned in the preceding paragraph.

## (II) General manager, deputy general manager, associated director, and supervisor of the various units and branches

April 15, 2022

Title (Note 1)	Nationality	Name	Gender	Date elected (appointed)	Number of shares held		Shares held by a spouse or underage children		Holding of shares in the name of a third party		Main (education) experience (note 2)	Concurrent position(s) in other companies now	Managers who are also spouses or relatives within 2nd degree of kinship			Remarks (Note 3)
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relation	
General Manager	Republic of China	Jui-Hsin Chang	Female	2020/03/09	0	0%	500,000	0.55%	0	0%	Master of Marketing from the Manchester Metropolitan University Deputy General Manager of Yeou Yih Steel Co., Ltd.	N/A	Chairperson	Hsien-Tong Liu	Daughter-in-law	
Deputy General Manager	Republic of China	Chien-Liang Liu	Male	2018/08/01	136,103	0.15%	1,013	0.00%	0	0%	Master's Program from the Department of Public Finance and Taxation, National Kaohsiung University of Science and Technology Manager of the Business Department for Yeou Yih Steel Co., Ltd.	N/A	General Manager	Hsien-Jung Liu	Father and Son	
Assistant Deputy General Manager of the Chairman's Office	Republic of China	Li-Wen Chen	Female	2016/01/01	0	0%	0	0%	0	0%	Department of International Business, SHU-TE University Manager of the Chairman's Office, Yeou Yih Steel Co., Ltd.	N/A	N/A	N/A	N/A	
Assistant Deputy General Manager of the Finance Department	Republic of China	Chung-Chih Chen	Male	2011/05/01	0	0%	0	0%	0	0%	Accounting Department, Feng Chia University Deputy General Manager of Accounting for Thinking Electronic Industrial Co., Ltd.	N/A	N/A	N/A	N/A	
Assistant Deputy General Manager of the Technology and Production Department	Republic of China	Chien-Hsing Lee	Male	2018/01/02	1,000	0.00%	0	0%	0	0%	Department of Business Management, National Sun Yat-sen University Assistant Manager of Administration Department, Yuan Long Stainless Steel Corp.	N/A	N/A	N/A	N/A	
Assistant Deputy General Manager of the Business Department	Republic of China	Yu-I Chiu	Female	2022/11/01	0	0%	0	0%	0	0%	Department of International Business, SHU-TE University Manager of the Business Department for Yeou Yih Steel Co., Ltd.	N/A	N/A	N/A	N/A	Note 4
Manager of the Management Department	Republic of China	Feng-Ming Hsu	Male	2019/01/02	0	0%	0	0%	0	0%	Postgraduate Program in Management, I-Shou University Manager of Manufacturing Department, Sun Chain Metal Industry Co., Ltd.	N/A	N/A	N/A	N/A	
Assistant Manager of Audit Office	Republic of China	Chi-Lan Chou	Male	2005/08/29	44,298	0.05%	0	0%	0	0%	Department of Business Administration, National Chung Hsing University Grand Commercial Bank Audit Team Leader	N/A	N/A	N/A	N/A	

Note 1: Information for the general manager, deputy general manager, assistant managers, and supervisors of the various departments and branches must be included, and information for any position equivalent to the general manager, deputy general manager, or assistant manager (regardless of title) must be disclosed.

Note 2: For experience related to the current position, please state the job title and responsible position if you have worked in a CPA firm or affiliated company during the previous disclosure period.

Note 3: Information about the reasons, rationality, necessity, and countermeasures (such as the increasing number of independent directors, having over half of the directors serving concurrently as employees or managers, etc.) must be disclosed when the general manager or person of equivalent position (top manager) and the chairman are the same person, spouse, or first-class relatives.

Note 4: Yu-I Chiu, former Business Department Manager, was promoted to Assistant Vice President of the Business Department on 2022/11/01.

III. Remunerations paid to general directors, directors, supervisors, general manager and deputy general manager during the most recent year

(I) If the Company has any of the following circumstances, the names and remunerations of its directors or supervisors should be disclosed individually. The summarizing and grading method may be used to disclose the names, or the names and remuneration may be disclosed individually (for individual disclosures, please fill in the title, name, and amount individually, but there is no need to fill in the remuneration scale):

1. In case of post-tax losses in individual or parent company only financial reports in the last three years, the names and remuneration of “directors and supervisors” must be disclosed individually. However, this restriction does not apply to those who have generated post-tax net profits in the most recent annual parent company only or individual financial reports and are sufficient to make up for accumulated losses [Note 1].
2. If the shareholding ratio of directors has been insufficient for over three consecutive months in the most recent year, the remuneration of individual directors shall be disclosed. If the shareholding ratio of supervisors in the most recent year has been insufficient for over three consecutive months, the remuneration of individual supervisors shall be disclosed [Note 2].
3. If the average set ratio of directors or supervisors is greater than 50% in the most recent three months, the remuneration of individual directors or supervisors whose value ratio exceeds 50% each month shall be disclosed [Note 3].
4. The remuneration of the individual director or supervisor must be disclosed if all directors and supervisors’ remuneration exceeds 2% of the after-tax net profit in the financial report accounting and remuneration received by the individual directors or supervisors exceeds NT\$15 million. (Instruction: calculate the remuneration for directors and supervisors above by adding the “Director’s remuneration” item in the attached table to “Supervisor’s remuneration” and excluding the relevant remuneration received by part-time employees. )
5. TWSE/GTSM listed companies whose corporate governance evaluation results in the most recent year are at the lowest level or have had changes in trading methods, suspension of trading, or termination of listing in the most recent year and up to the date of publication of the annual report, or others approved by the Corporate Governance Evaluation Committee to omit evaluation. [Note 4]
6. The average annual salary of non-managerial full-time employees of a TWSE/GTSM listed company in the most recent year has not reached NT\$500,000. [Note 5]

(II) Listed OTC companies with any conditions listed in the preceding paragraphs (1) or (5) shall individually disclose the remuneration information of the top 5 executives with the highest remuneration (such as the general manager, deputy general manager, chief executive officer, or chief financial officer).

[Note 1] Take the 2019 annual report prepared by the 2020 shareholders meeting as an example. If the Company has a parent company only or an individual financial report showing a post-tax loss in any year from 2017 to 2019, it shall adopt an individual disclosure method. However, even if the individual or separate financial reports in 2017 and/or 2018 have post-tax losses, individual disclosure may be omitted if the post-tax net profits in the individual or individual financial reports in 2019 are sufficient to make up for the accumulated

losses.

[Note 2] Take the 2009 annual report preparation by the 2010 shareholders meeting as an example. Suppose the shareholding ratio of the directors or supervisors is less than that of the company for more than 3 consecutive months during the period from January 2009 to December 2009. In that case, individual disclosures should be made respectively. Individual disclosures shall also be adopted for cases where the insufficient shareholding ratios have lasted for over 3 consecutive months (that is, for 3 consecutive months from November 2008 to January 2009).

[Note 3] Take the 2009 annual report preparation by the 2010 shareholders meeting as an example. During the year of 2009, individual disclosure shall be adopted for 2009 if the average setting ratio of all directors in each month is greater than 50% for February, May, and August of 2009 or if the monthly quality ratio for February, May, and August 2009 exceeded 50% of the individual supervisor's remuneration.

\* The monthly average pledge ratio of all directors: the number of shares pledged by all directors/shares held by all directors (including the number of trust shares that retain decision-making rights);

The monthly average pledge ratio of all supervisors: the number of shares pledged by all supervisors/shares held by all supervisors (including the number of trust shares that retain decision-making rights);

[Note 4] Take the 2021 annual report prepared by the 2022 annual shareholders meeting as an example. When the annual report by the shareholders meeting of a TWSE/GTSM listed company is published according to the corporate governance evaluation results usually announced in April each year, the latest (such as 2021) corporate governance evaluation results (such as 2020) may be used if the corporate governance evaluation results of the most recent year (that is 2021) have not yet been announced. After the latest annual corporate governance evaluation results are announced, if it was the last bracket of corporate governance and the bracket and name disclosure were adopted for the original remuneration disclosure method, the shareholders meeting annual report must be amended immediately and uploaded to the Market Observation Post System to ensure comprehensive information disclosure.

[Note 5] Take the 2021 annual report preparation by the 2022 annual shareholders meeting as an example. Suppose that a TWSE/GTSM listed company prepares the shareholders meeting annual report after the end of the most recent year (i.e., 2021). In that case, it has been possible to completely collect the average annual salary data of full-time employees who are not in supervisory positions in the most recent year (2021). Therefore, the most recent year (2021) should be used to evaluate whether it has not reached NT\$500,000, and the remuneration of individual directors and supervisors in the most recent year must be disclosed.

(1-1) Remuneration for general directors and independent directors (individual name and remuneration disclosure method): N/A

Unit: thousand NTD/thousand shares

[illegible][illegible]

2. Except as disclosed in the table above, the remuneration received by the directors of the Company for services rendered in the most recent year (such as acting as consultants to non-employees of the parent company/financial reporting company/reinvestment business, etc.): 0



(1-2-1) Remuneration for general directors and independent directors (summarize and use the pay-grade name and remuneration disclosure method)

Unit: thousand NTD/thousand shares

Title		Name (Note 4)	Remuneration to the directors								Percentage of the total amount of A, B, C, and D to net income after tax (%) (Note 10)		Remuneration to Directors who are also employees								The total ratio of net income amount accounted by A, B, C, D, E, F, and G (note 10)		Compensati on paid to Directors from an invested company other than the company's subsidiary (Note 11)
			Remuneration (A) (Note 2)		Severance payment and pension (B)		Remuneration to directors (C) (Note 3)		Business allowance (D) (Note 4)				Salaries, bonus, and special subsidy (E) (Note 5)		Severance payment and pension (F)		Remuneration to employees (G) (Note 6)						
			The Company	Companies in the financial statements (Note 7)	The Company	Companies in the financial statements (Note 7)	The Company	All companies listed in the financial statements (Note 7)	The Company	All companies listed in the financial statements (Note 7)	The Company	All companies listed in the financial statements (Note 7)	The Company	All companies listed in the financial statements (Note 7)	The Company	Companies in the financial statements (Note 7)	The Company		Companies in the financial statements (Note 7)		The Company	All companies listed in the financial statements (Note 7)	
Director	Chairperson	Hong Yu Industrial Co., Ltd. Representative: Hsien-Tong Liu	0	0	0	0	5,576	5,576	290	290	2.7533	2.7533	5,459	5,459	0	0	163	0	163	0	5.3921	5.3921	0
	Director	Hsien-Jung Liu																					
	Director	Hung-Sheng Liu																					
	Director	Yusheng Investment & Development Co., Ltd. Representative: Ching-Tsung Huang																					
	Director	Han-Chun Hsiao																					
	Director	Chien-Hua Huang																					
Independent director	Independent director	Chih-Hsueh Lin	648	648	0	0	0	0	330	330	0.4590	0.4590	0	0	0	0	0	0	0	0	0.4590	0.4590	0
	Independent director	Mei-Yao Chang																					
	Independent director	Yu-Liang Pan																					
1. Please describe the remuneration payment policies, systems, standards, and structure for independent directors as well as the relationship between the remuneration amounts and their duties, risks, and tenure: The salary of the Company's independent directors is determined by considerations such as positions held, responsibilities, risks, and time invested regarding industry standards for similar roles. After passing the Remuneration Committee's resolution, it shall be submitted to the board of directors for approval. The other traveling expenses shall be paid similarly to those paid to other directors and supervisors. 2. In addition to the disclosure listed in the table above, the remuneration received by the Company directors for services provided to all companies/affiliated businesses mentioned in the financial report (as a non-employee consultant, etc.) in the most recent year: General Manager Hsien-Jung Liu retired on 2020/02/20 and became a senior consultant. This year, he received a consulting fee of NT\$1633 thousand.																							

\* Relevant information on directors (ordinary directors who are not independent directors) and independent directors should be listed separately

(1-2-2) Remuneration bracket

Remuneration bracket for individual Directors of the Company	Name of director			
	Total remuneration for the first 4 items (A+B+C+D)		Total remuneration for the first 7 items (A+B+C+D+E+F+G)	
	This Company (Note 8)	All companies included in the consolidated financial statements (Note 9)	This Company (Note 8)	All companies included in the consolidated financial statements (Note 9)I
Less than NT\$1,000,000	All	All	Yusheng Company - Ching-Tsung Huang, Chien-Hua Huang, Han-Chun Hsiao, Chih-Hsueh Lin, Mei-Yao Chang, Hsien-Jung Liu, Yu-Liang Pan	Yusheng Company - Ching-Tsung Huang, Chien-Hua Huang, Han-Chun Hsiao, Chih-Hsueh Lin, Mei-Yao Chang, Hsien-Jung Liu, Yu-Liang Pan
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	N/A	N/A	N/A	N/A
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	N/A	N/A	Hung-Sheng Liu	Hung-Sheng Liu
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	N/A	N/A	N/A	N/A
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	N/A	N/A	Hongyu Company- Hsien-Tong Liu	Hongyu Company- Hsien-Tong Liu
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	N/A	N/A	N/A	N/A
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	N/A	N/A	N/A	N/A
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	N/A	N/A	N/A	N/A
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	N/A	N/A	N/A	N/A
Over NTD100,000,000	N/A	N/A	N/A	N/A
Total	9 people	9 people	9 people	9 people

Note 1: The names of directors (for corporate shareholders, the names of corporate shareholders and representatives must be listed respectively) as well as general directors and independent directors must be shown separately, and the various payment amounts must be listed using the summary disclosure method.

This Table and Tables (3-1), (3-2-1), or (3-2-2) must be filled-out if a director also acts as a general manager or deputy general manager.

Note 2: It indicates the remuneration paid to Directors (including Directors' salaries, duty allowances, severance pay, various bonuses and incentives, etc.) for the most recent fiscal year.

Note 3: The distribution amount of remuneration to Directors approved by the Board of Directors for the most recent fiscal year shall be provided.

Note 4: It indicates the expenses related to business executions of Directors (including travel expenses, special disbursement, allowances, accommodation,

company car, and other physical items) for the most recent fiscal year. Where houses, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the provided assets, the actual rent or fair market rent, expenses on fuel, and other benefits shall be disclosed. If a driver is placed, please explain the compensation paid to the driver by the company in the notes, which is not included in the remuneration.

Note 5: It indicates the remuneration paid to a director who is also an employee (position held currently as general manager, assistant general manager, other managerial officers, or an employee), including directors' salaries, duty allowances, severance pay, various bonuses and incentives, etc., for the most recent fiscal year. Where houses, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the provided assets, the actual rent or fair market rent, expenses on fuel, and other benefits shall be disclosed. If a driver is placed, please explain the compensation paid to the driver by the company in the notes, which is not included in the remuneration. In addition, the salaries recognized by IFRS 2 "Share-based Payment;" including the employee stock certificates, restricted employee rights to new shares, and participation in cash replenishment of shares; must be calculated as compensation.

Note 6: It indicates the employees' compensation (including stocks and cash) received by a Director who is also an employee (including the position held currently as general manager, assistant general manager, other managerial officers, or an employee) for the most recent fiscal year, the distribution amount of employees' compensation approved by the Board of Directors for the most recent fiscal year shall be disclosed. If it cannot be estimated, this year's proposed distribution amount shall be calculated proportionately to last year's actual distribution amount. Appendix 1-3 should also be filled out.

Note 7: The total remunerations paid to Directors of this Company by companies in the consolidated financial statements (including this Company) shall be disclosed.

Note 8: The total remunerations paid to Directors by this Company, the name of a Director shall be disclosed in the corresponding remuneration range.

Note 9: The names of the directors must be disclosed in the attributable pay grade of the various remuneration amounts paid to the various directors by all of the companies listed in the consolidated report (including this Company).

Note 10: The net income after tax means the net income after tax for the most recent fiscal year. Where the International Financial Reporting Standards are adopted, the net income after tax means the net income after tax stated in the parent company only or individual financial reports.

Note 11: a. The number of relevant remunerations received by a Supervisor of this Company from the invested company other than subsidiaries shall be provided clearly in this column.

b. If the Company's directors have received transfer investee enterprise-related remuneration amounts from sources other than a subsidiary company or parent company, said remunerations received by the Company's supervisors from sources other than a subsidiary company or parent company must be filled in the I column of the remuneration pay-grade table. The column shall be renamed "parent company and all investee enterprises."

c. Remuneration refers to the compensation, remuneration (including employee, director's and supervisor's remuneration) and business execution expenses related to the director's role as a director, supervisor or manager of an investee business other than a subsidiary or a parent company of the Company.

\* The content of remuneration as disclosed in this table is different from the concept under the Income Tax Act, which is for disclosure only and not for taxation purposes.

## (2-1) Remuneration for supervisors (individual name and remuneration disclosure method):

N/A

Unit: Thousand NTD

Title	Name	Supervisor remuneration						The ratio of the total from A, B, and C items to net profit after tax (Note 8)		Compensation paid to Directors from an investment company other than the company's subsidiary (Note 9)
		Remuneration (A) (Note 2)		Remuneration (B) (Note 3)		Operation implementation costs (C)(note 4)				
		The Company	Companies in the financial statements (Note 5)	The Company	Companies in the financial statements (Note 5)	The Company	Companies in the financial statements (Note 5)	The Company	Companies in the financial statements (Note 5)	

## (2-2-1) Remunerations for supervisors (summarized pay-grade name disclosure and remuneration method): Not applicable

Unit: Thousand NTD

Title	Name	Supervisor remuneration						The ratio of the total from A, B, and C items to net profit after tax (Note 8)		Compensation paid to Directors from an investment company other than the company's subsidiary (Note 9)
		Remuneration (A) (Note 2)		Remuneration (B) (Note 3)		Operation implementation costs (C)(note 4)				
		The Company	Companies in the financial statements (Note 5)	The Company	Companies in the financial statements (Note 5)	The Company	Companies in the financial statements (Note 5)	The Company	Companies in the financial statements (Note 5)	

## (2-2-2) Remuneration pay-grade scale table: Not applicable

Remuneration bracket for individual supervisors of the Company	Supervisor name	
	Total amount for the preceding three remunerations (A+B+C)	
	This Company (Note 6)	All companies included in the consolidated financial statements (Note 7) D
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)		
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)		
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)		
Over NTD100,000,000		
Total	Total	Total

- Note 1: The names of the supervisors must separately list (for corporate shareholders, the names of corporate shareholders and representatives should be listed respectively) the various amounts paid using the summarized disclosure method.
- Note 2: Means supervisors' remuneration for the most recent year (including supervisor salary, additional duty payments, severance pay, various bonuses, or incentive payments).
- Note 3: The distribution amount of remuneration to supervisors approved by the board of directors for the most recent fiscal year shall be provided.
- Note 4: The business expense of supervisors in the past year (including transportation allowance, special allowance, stipends, dormitory, and car). Where houses, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the provided assets, the actual rent or fair market rent, expenses on fuel, and other benefits shall be disclosed. If a driver is placed, please explain the compensation paid to the driver by the company in the notes, which is not included in the remuneration.
- Note 5: The total amount of remunerations paid to the various supervisors of this Company by all of the companies (including this Company) listed in the consolidated report must be disclosed.
- Note 6: The total remunerations paid to supervisors by this Company and the supervisors' names shall be disclosed in the corresponding remuneration range.
- Note 7: The names of the supervisors must be disclosed in the attributable pay grade of the various remuneration amounts paid to the various supervisors by all of the companies listed in the consolidated report (including this Company).
- Note 8: The net income after tax means the net income after tax for the most recent fiscal year. Where the International Financial Reporting Standards are adopted, the net income after tax means the net income after tax stated in the parent company only or individual financial reports.
- Note 9: a. Transfer investment enterprise-related remuneration amounts received by the Company supervisors from sources other than a subsidiary Company must be clearly listed in this column (if none, please fill in "none").  
b. If the Company's supervisors have received transfer investment enterprise-related remuneration amounts from sources other than a subsidiary company or parent company, said remunerations received by the Company's supervisors from sources other than a subsidiary company or parent company must be filled in the D column of the remuneration pay-grade table. The column shall be renamed "parent company and all transfer investment enterprises."  
c. Remuneration refers to the salaries, compensations (including employee, director, and supervisor salaries), operation implementation costs related payments received by this Company's supervisors who have served as a director, supervisor, or manager of reinvestment companies other than a subsidiary or a parent company.
- \* The content of remuneration as disclosed in this table is different from the concept under the Income Tax Act, which is for disclosure only and not for taxation purposes.

### (3-1) Remuneration for general manager and deputy general manager (name and remuneration disclosure method) N/A

Unit: thousand NTD/thousand shares

Title	Name	Salaries (A) (Note 2)		Severance payment and pension (B)		Bonuses and special subsidiies (C) (Note 3)		Earning distribution as dividends for employees (D) (Note 4)				Percentage of the total amount of A, B, C, and D to net income after tax (%) (Note 8)		Remuneration received from the invested companies other than the subsidiaries and the parent company (Note 9)
		The Company	Companies in the financial statements (Note 5)	The Company	Companies in the financial statements (Note 5)	The Company	All companies listed in the financial statements (Note 5)	The Company		Companies in the financial statements (Note 5)		The Company	All companies listed in the financial statements	
								Amount of cash	Amount of stock	Amount of cash	Amount of stock			

Note: Regardless of title, anyone whose position is equivalent to the general manager or deputy general manager (for example: general manager, chief executive officer, or director) must be disclosed.

(3-2-1) Remunerations for general managers and deputy general managers (summarized pay-grade name disclosure and remuneration method)

Unit: Thousand NTD

Unit: Thousand NTD														
Title	Name	Salaries (A) (Note 2)		Severance payment and pension (B)		Bonuses and special subsidies (C) (Note 3)		Earning distribution as dividends for employees (D) (Note 4)				Percentage of the total amount of A, B, C, and D to net income after tax (%) (Note 8)		Remuneration received from the invested companies other than the subsidiaries and the parent company (Note 9)
		The Company	Companies in the financial statements (Note 5)	The Company	Companies in the financial statements (Note 5)	The Company	All companies listed in the financial statements (Note 5)	The Company		Companies in the financial statements (Note 5)		The Company	All companies listed in the financial statements	
								Amount of cash	Amount of stock	Amount of cash	Amount of stock			
General Manager	Jui-Hsin Chang	7,664	7,664	417	417	4,071	4,071	490	0	490	0	5.9338	5.9338	N/A
Deputy General Manager	Chien- Liang Liu													
Assistant Deputy General Manager	Chung- Chih Chen													
Assistant Deputy General Manager	Li-Wen Chen													
Assistant Deputy General Manager	Chien- Hsing Lee													
Assistant Deputy General Manager	Yu-I Chiu													

Note 1: Regardless of title, anyone whose position is equivalent to the general manager or deputy general manager (for example: general manager, chief executive officer, or director) must be disclosed.

Note 2: Yu-I Chiu, former Business Department Manager, was promoted to Assistant Vice President of Business Department on 2022/11/01.

(3-2-2) Remuneration bracket

Range of Remunerations Paid to various General Managers and Deputy General Managers	Names of General Managers and Deputy General Managers	
	This Company (Note 6)	Companies in the financial statements (Note 7)
Less than NT\$1,000,000	N/A	N/A
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	Chien-Liang Liu, Chung-Chih Chen, Li-Wen Chen, Chien-Hsing Lee, Yu-I Chiu	Chien-Liang Liu, Chung-Chih Chen, Li-Wen Chen, Chien-Hsing Lee, Yu-I Chiu
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	N/A	N/A
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	Jui-Hsin Chang	Jui-Hsin Chang
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	N/A	N/A
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	N/A	N/A
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	N/A	N/A
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	N/A	N/A
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	N/A	N/A
Over NTD100,000,000	N/A	N/A
Total	6	6

Note 1: The names of general and deputy general managers must be separately listed, and the various remuneration amounts must be disclosed using the summary method. This Table and Tables (1-1), (1-2-1), or (1-2-2) must be filled-out if a director also acts as a general manager or deputy general manager.

Note 2: Fill in the salaries, additional duty payments, and severances for the general and deputy general managers in the most recent year.

Note 3: Fill in the various physical provisions such as bonuses, incentive payments, travel expenses, special expenses, allowances, dormitories, vehicles, and other compensation amounts for the general and deputy general managers in the most recent year. Where houses, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the provided assets, the actual rent or fair market rent, expenses on fuel, and other benefits shall be disclosed. If a driver is placed, please explain the compensation paid to the driver by the company in the notes, which is not included in the remuneration. In addition, the salaries recognized by IFRS 2 “Share-based Payment,” including the employee stock certificates, restricted employee rights to new shares, and participation in cash replenishment of shares; must be calculated as compensation.

Note 4: Fill in the amount of employee remuneration passed by the board of directors for the general manager and deputy general manager in the most recent year (including stocks and cash). If the amount cannot be estimated, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year, and Table 1-3 should also be filled out.

Note 5: The total amount of the various remunerations paid to this company’s general and deputy general managers by all companies (including this Company) listed in the consolidated report must be disclosed.

Note 6: The names of general managers and deputy general managers must be disclosed in their attributable pay grades for the various remuneration amounts paid to the various general managers and deputy general managers by this Company

Note 7: The names of the general managers and deputy general managers must be disclosed in their attributable pay grades of the various remuneration amounts paid to the various general managers and deputy general managers by all companies listed in the consolidated report (including this Company).

Note 8: Net profit after tax refers to the net profit after tax listed in the parent company only or individual financial reports in the most recent year.

Note 9: a. Transfer investment enterprise-related remuneration amounts received by the Company general manager or deputy general manager from sources other than a subsidiary company or a parent company must be clearly listed in this column (if none, please fill in “none”).

b. If the company’s general manager or deputy general manager has received transfer investment enterprise-related remuneration amounts from sources other than a subsidiary company or a parent company, said remunerations received by the company’s general manager or deputy general manager from sources other than a subsidiary company or a parent company must be filled in column E of the remuneration pay-grade table.

The column shall be renamed “parent company and all transfer investment enterprises.”

- c. Remuneration refers to the salaries, compensations (including employee, director, and supervisor salaries), operation implementation costs related payments received by this company’s general manager or deputy general manager who has served as a director, supervisor, or manager of reinvestment companies other than a subsidiary or a parent company.

\* The content of remuneration as disclosed in this table is different from the concept under the Income Tax Act, which is for disclosure only and not for taxation purposes.

(4-1) The remunerations for the top five highest-paid executives of a TWSE/GTSM listed company (individual name and remuneration disclosure method) (Note 1)

Unit: Thousand NTD

Unit: Thousand NT\$														
Title	Name	Salaries (A) (Note 2)		Severance payment and pension (B)		Bonuses and special subsidies (C) (Note 3)		Earning distribution as dividends for employees (D) (Note 4)				Percentage of the total amount of A, B, C, and D to net income after tax (%) (Note 6)		Remuneration received from the invested companies other than the subsidiaries and the parent company (Note 7)
		The Company	Companies in the financial statements (Note 5)	The Company	Companies in the financial statements (Note 5)	The Company	All companies listed in the financial statements (Note 5)	The Company		Companies in the financial statements (Note 5)		The Company	All companies listed in the financial statements	
								Amount of cash	Amount of stock	Amount of cash	Amount of stock			
General Manager	Jui-Hsin Chang	6,750	6,750	380	380	3,657	3,657	408	0	408	0	5.2546	5.2546	N/A
Deputy General Manager	Chien-Liang Liu													
Assistant Deputy General Manager	Chung-Chih Chen													
Assistant Deputy General Manager	Chien-Hsing Lee													
Assistant Deputy General Manager	Yu-I Chiu													

Note 1: The term “the top five executives with the highest remuneration” refers to the managers of the Company. The standards for identifying managers shall be handled According to the scope of application of “manager” stipulated by letter Cai-Zheng-San-Zi No. 0920001301 issued by the Financial Supervision Commission, Ministry of Finance, on March 27, 2003. The calculation and recognition principle for “the top five highest remunerations” shall be based on the total amount of salaries, bonuses, and special expenses received by the Company’s managers from all companies in the consolidated financial report as well as the amount of employee remuneration (that is, total of the A+B+C +D items). The top five highest-paid executives shall be identified after sorting. If the director concurrently serves as the preceding supervisor, this form and the preceding form (1-1) must be filled out.

Note 2: Fill in the salaries, additional duty payments, and severances for the top five highest-paid executives in the most recent year.

Note 3: Fill in the various physical provisions such as bonuses, incentive payments, traveling expenses, special expenses, allowances, dormitories, vehicles, and other compensation amounts for the top 5 highest-paid executives in the most recent year. Where houses, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the provided assets, the actual rent or fair market rent, expenses on fuel, and other benefits shall be disclosed. If a driver is placed, please explain the compensation paid to the driver by the company in the notes, which is not included in the remuneration. In addition, the salaries recognized by IFRS 2 “Share-based Payment;” including the employee stock certificates, restricted employee rights to new shares, and participation in cash replenishment of shares; must be calculated as compensation.

Note 4: Fill in the amount of employee remuneration passed by the board of directors for the top five highest-paid executives in the most recent year (including stocks and cash). If the amount cannot be estimated, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year, and Table 1-3 should also be filled out.

Note 5: The total remunerations paid to this Company’s top five highest-paid executives by all companies in the consolidated financial statements (including this Company) shall be disclosed.

Note 6: Net profit after tax refers to the net profit after tax listed in the parent company only or individual financial reports in the most recent year.

Note 7: a. Transfer investment enterprise-related remuneration amounts received by the company’s top five highest-paid executives from sources other than a subsidiary Company must be clearly listed in this column (if none, please fill in “none”).



- b. Remuneration refers to the salaries, compensations (including employee, director, and supervisor salaries), operation implementation costs related payments received by this Company's top five highest-paid executives who have served as a director, supervisor, or manager of reinvestment companies other than a subsidiary or a parent company.

\* The content of remuneration as disclosed in this table is different from the concept under the Income Tax Act, which is for disclosure only and not for taxation purposes.

(4) Names of managers who distribute employee remuneration and the status of distribution

April 15, 2023

	Title (Note 1)	Name (Note 1)	Amount of stock	Amount of cash	Total	Amount total in proportion to net income (%)
Managerial Officers	General Manager	Jui-Hsin Chang	0	654	654	0.3070
	Deputy General Manager	Chien- Liang Liu				
	Assistant Deputy General Manager of the Finance Department	Chung- Chih Chen				
	Assistant Deputy General Manager of the Chairman's Office	Li-Wen Chen				
	Assistant Deputy General Manager of the Technology and Production Department	Chien- Hsing Lee				
	Assistant Deputy General Manager of the Business Department	Yu-I Chiu				
	Manager of the Management Department	Feng- Ming Hsu				
	Assistant Manager of Audit Office	Chi-Lan Chou				

Note 1: Individual names and job titles shall be disclosed, but profit distribution may be disclosed in a summary manner.

Note 2: Fill in the amount of employee remuneration passed by the board of directors for managers in the most recent year (including stocks and cash). If the amount cannot be estimated, the proposed distribution amount for this year shall be calculated based on the actual distribution amount from last year. Net income means the most recent annual net profit after tax. If the International Financial Reporting Standards are adopted, net income shall mean the net income of the parent company only or individual financial reports in the most recent year.

Note 3: The scope of application of managers shall be handled as follows according to letter Cai-Zheng-San-Zi No. 0920001301 issued by the Financial Supervision Commission, Ministry of Finance, on March 27, 2003:

- (1) General manager and equivalent
- (2) Deputy general manager and equivalent
- (3) Assistant managers and equivalent
- (4) Financial department director
- (5) Accounting department director
- (6) Other persons who have the right to manage affairs and sign off for the Company

Note 4: If directors, general managers, and deputy general managers receive employee remuneration (including stock and cash), this form should be filled out in addition to form 1-2 attached.

Note 5: Yu-I Chiu, former Business Department Manager, was promoted to Assistant Vice President of the Business Department on 2022/11/01.

(5) Name, position, and total distribution of employees receiving the top ten remuneration

April 15, 2023

Unit: Thousand NTD

	Title	Name	Amount of stock	Amount of cash	Total	Amount total in proportion to net income (%)
1	General Manager	Jui-Hsin Chang	0	817	817	0.3835
2	Deputy General Manager	Chien-Liang Liu				
3	Assistant Deputy General Manager of the Chairman's Office	Li-Wen Chen				
4	Assistant Deputy General Manager of the Finance Department	Chung-Chih Chen				
5	Financial Department Manager	Chih-Chieh Kuo				
6	Assistant Deputy General Manager of the Business Department	Yu-I Chiu				
7	Assistant Deputy General Manager of the Technology and Production Department	Chien-Hsing Lee				
8	Manager of the Management Department	Feng-Ming Hsu				
9	Production Department Manager	Chi-Hsiang Wong				
10	Assistant Manager of Audit Office	Chi-Lan Chou				

Note 1: Yu-I Chiu, former Business Department Manager, was promoted to Assistant Vice President of Business Department on 2022/11/01.

Note 2: Mr. Wang, former Production Assistant Manager, was promoted to the position of Production Manager on 2023/03/01.

(IV) Respectively compare and specify the analysis results for the ratios of the net incomes for all of the company's total remuneration amounts paid to the company directors, auditors, general managers, and deputy general managers in the last 2 years as listed in the parent company only or individual financial reports; and specify the relevance between the payment remuneration policies, standards and combinations, remuneration setting procedures, and operating performances:

1. An analysis of the total remuneration paid to the Company's directors, supervisors, general manager and deputy general manager as a percentage of net income after tax for the last two years for the Company and all companies in the consolidated financial statements:

Year	2022				2021			
Title	Total remuneration		Post-tax net income ratio		Total remuneration		Post-tax net income ratio	
	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements
Director	24,130	24,130	11.78	11.78	19,339	19,339	13.80	13.80
Supervisor								
General Manager and Deputy General Manager								

- (1) The Company's directors, supervisors, general manager, and deputy general manager are remunerated only by the Company. The total payment in 2021 and 2022 accounted for 13.80% and 11.78% of the post-tax net profits, respectively.
  - (2) The remuneration of directors and supervisors includes traveling expenses and their salaries. Traveling expenses shall be made according to the industry standard and based on the attendance of directors and supervisors at board meetings. Remuneration for directors and supervisors shall be handled according to Article 25 of the Company's Articles of Incorporation. If the Company produces a profit for the year, it must set aside 2% for employees' remuneration and no more than 3% for directors' and supervisors' remuneration. The allocated amount shall be recognized as the current year's expenses. However, where the Company still has accumulated losses, the amount shall be reserved for making up the accumulated loss first.
  - (3) Remuneration for the general and deputy general managers shall include salary, bonuses, and employee compensation according to their job position and the responsibilities undertaken and refer to the standards for similar positions set by peers.
2. The policy, criteria and composition of remuneration payments, the procedures for setting remuneration, and the relationship to operating performance and future risks:
- (1) Policies, standards and mix of remuneration:
    - a. Remuneration to the directors:
      - (a) According to the Company's Articles of Incorporation:
 

Article 21: Suppose a director of the Company concurrently holds other positions. In that case, the remuneration payment for the positions shall be handled by the Chairperson as authorized by the shareholders' meeting according to the Company's internal management provisions.

Article 22: The traveling expenses, related allowances, and remuneration for the Company's directors shall be authorized by the board of directors and negotiated according to the degree of participation in the Company's operations and the contribution value while referencing the industry's peer standards. The Company shall purchase liability insurance plans that cover the directors' terms of service and protect them from liabilities incurred during their tenure.

Article 26: If the Company makes a profit for the year, it shall allocate 2% for the employees' remuneration and no more than 3% for the directors' and supervisors' remuneration. The allotted amount shall be recognized as the current year's expenses. However, where the Company still has accumulated losses, the amount shall be reserved for making up the accumulated loss first.
- If there is any surplus in the company's annual final accounts, it shall be distributed

in the following order:

- I. Tax payment.
  - II. Makeup of previous losses
  - III. After deducting items 1 and 2, deposit 10% into the statutory surplus reserve.
  - IV. When necessary, the special surplus reserve may be withdrawn from the current surplus item, or the surplus may be retained at discretion according to relevant laws or regulations. It must also be included in the surplus distribution after the withdrawal conditions are eliminated and reversed.
  - V. The remainder, together with the accumulated undistributed earnings of previous years, shall be distributed to shareholders in the form of a proposal for distribution of earnings prepared by the Board of Directors and submitted to the shareholders' meeting for a resolution. However, the principal cannot be used for interest when no surplus exists. If the Company distributes dividends and bonuses, capital surplus or legal reserve in whole or in part in the form of cash, the Board of Directors is authorized to do so with the presence of at least two-thirds of the directors and the approval of a majority of the directors present and report such decisions to the shareholders' meeting.
- (b) Independent directors do not participate in the distribution of directors' remuneration.
  - (c) The Company periodically evaluates the remuneration of directors in accordance with the "Performance Evaluation Method of the Board of Directors", and the related performance evaluation and reasonableness of remuneration are reviewed by the Remuneration Committee and the Board of Directors.
- b. The remuneration of the Company's managers is determined in accordance with the Salary Regulations, which stipulates various allowances and bonuses to recognize and reward employees for their efforts in their work. Relevant bonuses are also granted depending on the company's annual operating performance, financial status, operational status and individual performance. In addition, if the Company makes a profit in the year, 2% of the profit shall be set aside as employee remuneration in accordance with Article 26 of the Company's Articles of Incorporation. The results of the performance evaluation conducted by the Company in accordance with the "Performance Management Regulations" shall be used as a reference for the payment of managerial bonuses. The evaluation of managerial officers' overall performance includes: I. Financial indicators: according to the Company's management income statement, each business group division contributes to the Company's profit, and the manager's target achievement rate is taken into consideration. II. Non-financial indicators: the Company's core values are implemented and the ability to manage operations, and participation in sustainable management are the two major components to calculate their remuneration for operating performance, and the remuneration system is reviewed from time to time according to the actual operating conditions and relevant laws and regulations.
  - c. The Company's remuneration package, as defined by the Remuneration Committee, includes cash compensation, stock options, stock dividends, retirement benefits or severance pay, allowances and other tangible incentives. The scope of these bonuses and allowances and other material incentives are consistent with Regulations Governing Information to be Published in Annual Reports of Public Companies.

(2) Remuneration-setting procedures.

- a. In order to regularly evaluate the remuneration of directors and managers, the evaluation results are based on the “Performance Evaluation Regulations of the Board of Directors” and the “Performance Management Regulations” applicable to managerial officers and employees, respectively, and the remuneration of the chairperson and the general manager is determined by referring to the “Reference Table of Treatment Standards for Presiding Officers of Public Institutions under the Ministry of Transportation and Communications” and the linked company’s operating performance indicators and submitted to the board of directors for approval. In order to fully demonstrate the achievement of operating performance targets, the chairperson’s performance measures are based on the results of annual operating indicators related to operational, governance and financial results, and the scope of evaluation includes: net income before tax, credit rating or Taiwan Ratings, customer satisfaction and corporate governance evaluation; the performance evaluation of the general manager includes: operational safety management, supervising the execution of financial plans, revenue management, promoting the autonomy of maintenance capability, strengthening internal control, and implementing quality assurance and management.
- b. The Board of Directors, members of the Board of Directors, and members of the functional committees of the Board of Directors all significantly exceeded the performance standards in 2022. In 2022, despite the outbreak of COVID-19, the Company went to strenuous lengths to prevent the outbreak from spreading, and implemented cost-saving measures. In addition, the Company’s annual profit was higher than expected, and the results of the 2022 annual managerial performance evaluation showed that all managers met or exceeded their targets, and the Company’s annual operating indicators were evaluated to the highest standard.
- c. The performance evaluation and reasonableness of the remuneration of the directors and managers of the Company are regularly evaluated and reviewed by the Remuneration Committee and the Board of Directors on an annual basis, with reference to the performance achievement rate of individuals and their contribution to the Company, as well as the overall operational performance of the Company and the future risks and development trends of the industry. In addition, the Company reviews the remuneration system from time to time in accordance with the actual operating conditions and relevant laws and regulations, and provides reasonable remuneration after considering the current trend of corporate governance in order to strike a balance between sustainable operations and risk control. The actual amounts of directors’ and managers’ remuneration for 2022 are determined by the Remuneration Committee and submitted to the Board of Directors’ meeting for resolution.

(3) Relationship to operating performance and future risks:

- a. The Company’s remuneration policy and related payment standards and system are reviewed based on the overall operation of the Company, and the payment standards are approved based on the performance achievement rate and contribution, so as to enhance the effectiveness of the Board of Directors and the overall organizational team of the managerial department. We also make reference to industry salary standards to ensure that our management’s salaries are competitive in the industry in order to retain outstanding management personnel.
- b. The performance objectives of the Company’s managerial officers are integrated with

“risk control” to ensure that possible risks within the scope of duties and responsibilities are managed and prevented, and the results of actual performance evaluation are linked to the relevant human resources and related remuneration policies. The performance of the relevant decisions is reflected in the profitability of the Company, and the remuneration of managerial officers is related to the performance of risk management.

#### IV. Corporate governance operation status

##### (I) Board of Directors Operational Status:

A total of 5 board meetings (A) were held in 2022, and the attendance status of directors and supervisors was as follows:

Title	Name (Note 1)	Actual attendance No. B	No. of presence by proxy	Actual presence (attendance) rate [B/A] (Note 2)	Remarks
Chairperson	Hong Yu Industrial Co., Ltd. Representative: Hsien-Tong Liu	5	0	100.00%	Reelected on July 21, 2021
Director	Yusheng Investment & Development Co., Ltd. Representative: Ching-Tsung Huang	5	0	100.00%	Reelected on July 21, 2021
Director	Hsien-Jung Liu	5	0	100.00%	Reelected on July 21, 2021
Director	Hung-Sheng Liu	5	0	100.00%	Reelected on July 21, 2021
Director	Han-Chun Hsiao	5	0	100.00%	Reelected on July 21, 2021
Director	Chien-Hua Huang	4	1	80.00%	Elected on July 21, 2021
Independent director	Chih-Hsueh Lin	5	0	100.00%	Reelected on July 21, 2021
Independent director	Mei-Yao Chang	5	0	100.00%	Reelected on July 21, 2021
Independent director	Yu-Liang Pan	5	0	100.00%	Elected on July 21, 2021

Other matters to be recorded:

1. If the board of directors operations involve any of the following; the date, period, proposal content, all independent directors' opinions, and how the Company handled the independent directors' opinions must be noted:
  - (1) Issues listed in Article 14-3 of the Securities and Exchange Act: None.
  - (2) In addition to the preceding matters, other board of directors resolution items with dissenting or qualified opinions from independent directors that have been recorded or declared in writing: None.

### Excerpts from the board of directors resolutions

Term Date (Year / Month / Day)	Important Resolution Items	Matters listed in §14-3 or §14-5 of the Securities and Exchange Act	Independent Directors' Opinions and Handling of such Opinions by the Company	Board of Directors or Audit Committee Resolution Results
9th Term 4th Meeting 2022/01/18	1. 2021 report on corporate integrity management implementation. 2. Other Significant Matters Reported — Communication Report between CPAs and Governance Units. 3. 2021 year-end bonus payment evaluation resolution discussion proposal.		N/A  N/A  N/A	After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection.
9th Term 5th Meeting 2022/03/31	1. Report on the performance evaluation results of the Board of Directors for 2021. 2. Other Significant Matters Reported — Communication Report between CPAs and Governance Units. 3. The 2021 employee, director, and supervisor remuneration distributions discussion proposal. 4. The Company's 2021 annual financial statements discussion proposal. 5. Discussion of the distribution of the Company's 2021 earnings. 6. The 2021 annual "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" discussion proposal. 7. The Company's 2022 budget discussion proposal. 8. Discussion of amendments to the Company's "Articles of Incorporation." 9. Discussion of proposed amendments to the "Procedures for the Acquisition or Disposal of Assets." 10. Amendment proposal on matters related to convening the 2022 annual general shareholders' meeting. 11. Discussion on matters related to the 2022 shareholders' proposals.	V   V V  V   V   V	N/A  N/A  N/A  N/A  N/A  N/A  N/A  N/A  N/A  N/A	After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection.
9th Term 6th Meeting 2022/05/06	1. Minutes of previous meetings and implementation status reports. 2. Internal audit operations. 3. Reporting on important financial business. 4. 2022 Directors and Managers'	V	N/A  N/A  N/A  N/A	After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection.



	<p>Liability Insurance Report.</p> <p>5. In the 2022 ordinary shareholders meeting, there were no proposals from shareholders holding over 1% of the shares.</p> <p>6. The Company's 2022 1st quarter consolidated financial statement review discussion proposal.</p> <p>7. CPA change discussion proposal.</p> <p>8. Company greenhouse gas inventory and verification schedule plan formulation discussion proposal.</p>	<p>V</p> <p></p> <p>V</p> <p>V</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p>	<p>directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection.</p> <p>After the chairman consulted the directors and independent directors present, there was no objection.</p> <p>After the chairman consulted the directors and independent directors present, there was no objection.</p> <p>After the chairman consulted the directors and independent directors present, there was no objection.</p>
8th Term 7th Meeting 2022/08/10	<p>1. Minutes of previous meetings and implementation status reports.</p> <p>2. Internal audit activity report</p> <p>3. Reporting on important financial business.</p> <p>4. Company greenhouse gas inventory and verification schedule plan formulation and implementation status discussion.</p> <p>5. The Company's consolidated financial statement report for the 2nd quarter of 2022.</p> <p>6. The Company's 2022 CPA public fee review and discussion proposal.</p> <p>7. The Company's 2022 annual bank loan approval discussion proposal.</p>	<p></p> <p></p> <p></p> <p>V</p> <p></p> <p>V</p> <p></p>	<p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p>	<p>After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection.</p> <p>After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection.</p> <p>After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection.</p> <p>After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection.</p> <p>After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection.</p>
9th Term 8th Meeting 2022/11/10	<p>1. Minutes of previous meetings and implementation status reports.</p> <p>2. Internal audit activity report</p> <p>3. Reporting on important financial business.</p> <p>4. Company greenhouse gas inventory and verification schedule plan formulation and implementation status discussion.</p> <p>5. Discussion on the Company's consolidated financial statement report for the 3rd quarter of 2022.</p> <p>6. The Company's 2022 CPA evaluation and review discussion proposal.</p> <p>7. Discussion on amendments to the Company's internal procedures for handling material information.</p> <p>8. The Company's 2023 internal audit plan discussion proposal.</p> <p>9. The Company's 2023 annual bank loan approval discussion proposal.</p>	<p></p> <p></p> <p></p> <p>V</p> <p></p> <p>V</p> <p></p> <p></p> <p></p>	<p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p>	<p>After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection.</p> <p>After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection.</p> <p>After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection.</p> <p>After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection.</p> <p>After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection.</p> <p>After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection.</p> <p>After the chairman consulted the directors and independent directors present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection.</p>
9th Term 9th Meeting	1. Minutes of previous meetings and implementation status reports.		N/A	After the chairman consulted the directors and independent directors

2023/01/13	2. Internal audit activity report		N/A	present, there was no objection. After the chairman consulted the directors and independent directors present, there was no objection.
	3. Reporting on important financial business.		N/A	After the chairman consulted the directors and independent directors present, there was no objection.
	4. 2022 report on corporate integrity management implementation.		N/A	After the chairman consulted the directors and independent directors present, there was no objection.
	5. 2022 report on risk management operations.		N/A	After the chairman consulted the directors and independent directors present, there was no objection.
	6. Other significant matters — communication report between attesting CPAs and governance units		N/A	After the chairman consulted the directors and independent directors present, there was no objection.
	7. 2022 year-end bonus payment evaluation resolution discussion proposal.		N/A	After the chairman consulted the directors and independent directors present, there was no objection.
	8. Discussion on the appointment of the head of corporate governance of the Company.	V	N/A	After the chairman consulted the directors and independent directors present, there was no objection.
9th Term 10th Meeting 2023/03/17	1. Minutes of previous meetings and implementation status reports.		N/A	After the chairman consulted the directors and independent directors present, there was no objection.
	2. Internal audit activity report		N/A	After the chairman consulted the directors and independent directors present, there was no objection.
	3. Important financial business reports and 2022 business reports.		N/A	After the chairman consulted the directors and independent directors present, there was no objection.
	4. Report on the performance evaluation results of the Board of Directors and functional committees for 2022.	V	N/A	After the chairman consulted the directors and independent directors present, there was no objection.
	5. Company greenhouse gas inventory and verification schedule plan formulation and implementation status discussion.	V	N/A	After the chairman consulted the directors and independent directors present, there was no objection.
	6. Other significant matters — communication report between attesting CPAs and governance units.		N/A	After the chairman consulted the directors and independent directors present, there was no objection.
	7. The Company's 2022 employee and director remuneration distributions discussion proposal.	V	N/A	After the chairman consulted the directors and independent directors present, there was no objection.
	8. The Company's 2022 annual financial statements discussion proposal.		N/A	After the chairman consulted the directors and independent directors present, there was no objection.
	9. Discussion of the distribution of the Company's 2022 earnings.		N/A	After the chairman consulted the directors and independent directors present, there was no objection.
	10. The Company's 2022 annual "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" discussion proposal.	V	N/A	After the chairman consulted the directors and independent directors present, there was no objection.
	11. The Company's 2023 budget discussion proposal.		N/A	After the chairman consulted the directors and independent directors present, there was no objection.
	12. Senior consultant and manager compensation discussion.		N/A	After the chairman consulted the directors and independent directors present, there was no objection.
	13. "Regulations Governing Procedure for Board of Directors Meetings" amendment discussion proposal.		N/A	After the chairman consulted the directors and independent directors present, there was no objection.

	14. "Rules of Procedure for Shareholders' Meetings" amendment discussion proposal.		N/A	After the chairman consulted the directors and independent directors present, there was no objection.
	15. "Code of Corporate Governance Practices" amendment discussion proposal.		N/A	After the chairman consulted the directors and independent directors present, there was no objection.
	16. "Code of Practice for Risk Management" formulation discussion proposal.		N/A	After the chairman consulted the directors and independent directors present, there was no objection.
	17. "Code of Practice for Sustainable Development" formulation discussion proposal.		N/A	After the chairman consulted the directors and independent directors present, there was no objection.
	18. Amendment proposal for matters related to convening the 2023 general shareholders meeting.		N/A	After the chairman consulted the directors and independent directors present, there was no objection.
	19. Acceptance of discussion matters related to the 2023 annual general shareholders' meeting.		N/A	After the chairman consulted the directors and independent directors present, there was no objection.

Note: Securities and Exchange Act 14-3 (issues that should be submitted to the board of directors for resolution)

Independent directors were appointed pursuant to Paragraph 1 of the preceding Article. Unless the competent authority approves, the following matters shall be submitted to the board of directors for resolution. If independent directors have objections or reservations, they shall state them in the board meeting minutes:

- (1) Adoption or amendment of an internal control system pursuant to Article 14-1.
  - (2) Adoption or amendment, pursuant to Article 36-1, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
  - (3) Matters involving the interests of directors or supervisors themselves.
  - (4) A material asset or derivatives transaction.
  - (5) A material capital loan, endorsement, or guarantee.
  - (6) The offering, issuance, or private placement of any equity-type securities.
  - (7) The hiring or dismissal of an attesting CPA or the compensation was given thereto.
  - (8) The appointment or discharge of a financial, accounting, or internal auditing officer.
  - (9) Other important matters required by the competent authority.
2. During the recusal of directors due to conflict of interest; the directors' names, the content of the proposals, the reasons for the recusal, and the circumstances of their participation in voting shall be stated: None.
  3. Companies listed at TWSE or TPEx should disclose the Board's frequency of self-evaluation (or peer evaluation) and the intervals between the evaluations, the scope and method of evaluation, and related information. Fill in Table II (2) Board Evaluation Implementation Status.
  4. The objectives of strengthening the board of directors functions in the current and most recent year (i.e., establishing an audit committee, improving information transparency, etc.) and implementation status evaluation:  
The Company has formulated the "Rules of Procedure for the Board of Directors" for compliance according to the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies." We have also entered the directors' board attendance status and disclosed the board of directors' resolutions on the Company's website.

The Company has maintained the election of 2 independent directors since the extraordinary shareholders meeting on December 20, 2003. On August 8, 2011, the board of directors elected 2 independent directors and 1 external member. The 3 members constituted the Remuneration Committee to evaluate the salary payment policy regularly. During the July 21, 2021, ordinary shareholders meeting, 9 directors (including 3 independent directors) were elected, and the 3 independent directors led the Audit Committee. The supervisor system was also abolished to enhance the functions of the board of directors and strengthen corporate governance.

Note 1: If the directors and supervisors are juridical persons, the names of the juridical person shareholders and their representatives must be disclosed.

Note 2: (1) If a director or supervisor resigns before the end of the year, the resignation date should be indicated in the remarks column, and the actual presence (attendance) rate (%) is calculated based on the number of board meetings and the actual number of presence (attendance) during the term of office.

(2) Before the end of the year, the new and old directors or supervisors should be filled in if there are changes. The service dates for the old, new, reelected, or changed directors or supervisors should be noted in the remarks field. The actual presence (attendance) rate (%) is calculated based on the number of board meetings and actual presence (attendance) during the working period.

### Board Evaluation Implementation Status

Evaluation Cycle (Note 1)	Evaluation Cycle (Note 2)	Scope of evaluation (Note 3)	Method of evaluation (Note 4)	Evaluation content (Note 5)
Implement once per year	From 2022/01/01 to 2022/12/31	Board of Directors	Board performance self-assessment	The evaluation includes 5 aspects and a total of 45 indicators: 1. Degree of participation in the Company's operations. 2. Improvement of the board of directors' decision-making quality. 3. Composition and structure of the board of directors. 4. Selection and continuing education of directors. 5. Internal control.
			Board member performance self-assessment	The assessment for the board members' performance evaluation (self or peers) includes 6 aspects and a total of 23 indicators: 1. Understand the Company's goals and tasks. 2. Recognition of the directors' responsibilities. 3. Degree of participation in the Company's operations. 4. Internal relationship management and communication 5. Professional and continuing education of directors. 6. Internal control.
		Functional committees	Functional committee operational performance self-assessment	The performance evaluation includes 5 aspects and a total of 26 indicators: 1. Degree of participation in the Company's operations. 2. Recognition of the functional committee's responsibilities. 3. Improve the decision-making quality of functional committees. 4. Functional committee composition and member selection. 5. Internal control.

Note 1: Fill in the execution cycle of the board of directors' evaluation, such as once a year.

Note 2: The period covered by the board of directors' assessment is listed, for example, the board of directors' performance assessment from January 1, 2022, to December 31, 2022.

Note 3: The scope of assessment includes the performance evaluation of the board of directors, individual director members, and functional committees.

Note 4: Evaluation methods include internal self-evaluation, peer evaluation, appointing external professional institutions or experts, or other appropriate methods to conduct performance evaluations.

Note 5: The evaluation content shall at least include the following items according to the scope of the evaluation:

- (1) Board of directors performance evaluation: At least include the degree of company operation participation, board of directors policy quality, the board of directors composition and structure, the election of directors, internal control,

etc.

- (2) Individual director performance evaluation: At least include the ability to master company goals and tasks, awareness of directors' responsibilities, company operations participation, internal relationship management, communication, professionalism and continuous education for directors, internal control, etc.
- (3) Functional committee performance evaluation: Degree of company operation participation, awareness of functional committee responsibilities, functional committee policy quality improvement, functional committee composition and member election, internal control, etc.

Note 6: The results of the 2022 evaluation are as follows:

- (1) Board of Directors performance self-evaluation:

The Board of Directors' performance indicators include 45 indicators in five major scopes, and the results of the evaluation are "strongly agree (5) 35 items, agree (4) 7 items, and average (3) 3 items", which indicate that the Board of Directors has fulfilled its responsibility to direct and supervise the Company's strategy, major business and risk management, and has established a proper internal control system, and the overall operation is sound and meets the requirements of corporate governance.

- (2) Board member performance self-evaluation:

The performance evaluation indicators for board members consist of 23 indicators in six major scopes. The evaluation results "strongly agree (5) 20 items and agree (4) 3 items" indicate that the directors have a positive evaluation on the efficiency and effectiveness of the operation of each indicator and will continue to study and strengthen the professional knowledge of corporate governance.

- (3) Functional committee operational performance self-evaluation:

The performance evaluation indicators of the functional committees (Audit Committee and Remuneration Committee) include 26 indicators in five major scopes, and the results of the evaluation are "strongly agree (5) 20 items, agree (4) 2 items, average (3) 2 items, and not applicable 2 items (the nomination committee has not yet been established)", which indicates that the functional committees are operating well and meeting the requirements of corporate governance, and effectively enhancing the functions of the board of directors.

(II) Audit Committee operation information: The company established an audit committee on July 21, 2021. The relevant independent directors' attendance at the board of directors is detailed in the "Audit Committee Resolution Excerpts" table above.

In 2022, the Audit Committee met 4 times (A), and the attendance of independent directors is as follows:

Title	Name	Actual attendance number (B)	No. of presence by proxy	Actual attendance rate (%) ( B / A ) (Note)	Remarks
Independent director	Chih-Hsueh Lin	4	0	100.00%	Elected on July 21, 2021
Independent director	Mei-Yao Chang	4	0	100.00%	Elected on July 21, 2021
Independent director	Yu-Liang Pan	4	0	100.00@	Elected on July 21, 2021

Other matters to be recorded:

1. If any of the following applies to the operation of the Auditing Committee, specify the Auditing Committee's meeting date, period, and proposal contents; independent directors' dissenting opinions, reservations, or major proposals; and the resolution of the Auditing Committee and the response of the Company to the opinions of the Auditing Committee.
  - (1) Issues listed in Article 14-5 of the Securities and Exchange Act: None.
  - (2) In addition to the preceding matter, other matters that have not been approved by the Audit Committee but approved by over two-thirds of all directors: None.

#### Audit Committee Resolution Excerpts

Term Date (Year / Month / Day)	Important Resolution Items	Securities and Exchange Act §14-5 listed items	Independent Directors' Opinions and Handling of such Opinions by the Company	Board of Directors or Audit Committee Resolution Results
1st Term 3rd Meeting 2022/03/11	1. Minutes of previous meetings and implementation status reports.  2. Internal audit activity report  3. The Company's 2021 annual financial statements review discussion proposal.  4. Discussion of the distribution of the Company's 2021 earnings.  5. The Company's 2021 annual "Internal Control System Effectiveness Assessment" and "Internal Control System Statement"	V     V	N/A  N/A  N/A  N/A  N/A	After the chairman consulted the committee members present, the proposal was passed without objections. After the chairman consulted the committee members present, there was no objection. After the chairman consulted the committee members present, the proposal was passed without objection and submitted to the board of directors for deliberation. After the chairman consulted the committee members present, the proposal was passed without objection and submitted to the board of directors for deliberation. After the chairman consulted the committee members present, the proposal was

	discussion proposal.  6. The Company's 2022 budget discussion proposal.  7. Discussion of proposed amendments to the "Procedures for the Acquisition or Disposal of Assets."	V	N/A  N/A	passed without objection and submitted to the board of directors for deliberation. After the chairman consulted the committee members present, the proposal was passed without objection and submitted to the board of directors for deliberation. After the chairman consulted the committee members present, the proposal was passed without objection and submitted to the board of directors for deliberation.
1st Term 4th Meeting 2022/05/06	1. Minutes of previous meetings and implementation status reports.  2. Internal audit activity report  3. Discussion on the Company's consolidated financial statement report for the 1st quarter of 2022.  4. CPA change discussion proposal.	V	N/A  N/A  N/A  N/A	After the chairman consulted the committee members present, the proposal was passed without objections. After the chairman consulted the committee members present, there was no objection. After the chairman consulted the committee members present, the proposal was passed without objection and submitted to the board of directors for deliberation. After the chairman consulted the committee members present, the proposal was passed without objection and submitted to the board of directors for deliberation.
1st Term 5th Meeting 2022/08/10	1. Minutes of previous meetings and implementation status reports.  2. Internal audit activity report  3. The Company's 2022 second-quarter consolidated financial statement review discussion proposal.  4. The Company's 2022 CPA public fee review and discussion proposal.  5. The Company's 2022 annual bank loan approval discussion proposal.	V   V	N/A  N/A  N/A  N/A	After the chairman consulted the committee members present, the proposal was passed without objections. After the chairman consulted the committee members present, the proposal was passed without objections. After the chairman consulted the committee members present, the proposal was passed without objection and submitted to the board of directors for deliberation. After the chairman consulted the committee members present, the proposal was passed without objection and submitted to the board of directors for deliberation. After the chairman consulted the committee members present, the proposal was passed without objection and submitted to the board of directors for deliberation.
1st Term 6th Meeting 2022/11/10	1. Minutes of previous meetings and implementation status reports.  2. Internal audit activity report		N/A  N/A	After the chairman consulted the committee members present, the proposal was passed without objections. After the chairman consulted the committee members present, the proposal was passed without objections.



	3. Discussion on the Company's consolidated financial statement report for the 3rd quarter of 2022.	V	N/A	After the chairman consulted the committee members present, the proposal was passed without objection and submitted to the board of directors for deliberation.
	4. The Company's 2022 CPA evaluation and review discussion proposal.	V	N/A	After the chairman consulted the committee members present, the proposal was passed without objection and submitted to the board of directors for deliberation.
	5. Discussion on amendments to the Company's internal procedures for handling material information.	V	N/A	After the chairman consulted the committee members present, the proposal was passed without objection and submitted to the board of directors for deliberation.
	6. The Company's 2023 internal audit plan discussion proposal.	V	N/A	After the chairman consulted the committee members present, the proposal was passed without objection and submitted to the board of directors for deliberation.
	7. The Company's 2023 annual bank loan approval discussion proposal.		N/A	After the chairman consulted the committee members present, the proposal was passed without objection and submitted to the board of directors for deliberation.
1st Term 7th Meeting 2023/03/17	1. Minutes of previous meetings and implementation status reports.	V	N/A	After the chairman consulted the committee members present, the proposal was passed without objections.
	2. Internal audit activity report		N/A	After the chairman consulted the committee members present, the proposal was passed without objections.
	3. The Company's 2022 annual financial statements review discussion proposal.		N/A	After the chairman consulted the committee members present, the proposal was passed without objections.
	4. Discussion of the distribution of the Company's 2022 earnings.		N/A	After the chairman consulted the committee members present, the proposal was passed without objection and submitted to the board of directors for deliberation.
	5. The Company's 2022 annual "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" discussion proposal.	V	N/A	After the chairman consulted the committee members present, the proposal was passed without objection and submitted to the board of directors for deliberation.
	6. The Company's 2023 budget discussion proposal.		N/A	After the chairman consulted the committee members present, the proposal was passed without objection and submitted to the board of directors for deliberation.
	7. "Regulations Governing Procedure for Board of Directors Meetings" amendment discussion proposal.		N/A	After the chairman consulted the committee members present, the proposal was passed without objection and submitted to the board of directors for deliberation.
	8. "Rules of Procedure for Shareholders' Meetings" amendment discussion proposal.		N/A	After the chairman consulted the committee members

	9."Code of Corporate Governance Practices" amendment discussion proposal.		N/A	present, the proposal was passed without objection and submitted to the board of directors for deliberation. After the chairman consulted the committee members present, the proposal was passed without objection and submitted to the board of directors for deliberation.
	10. "Code of Practice for Risk Management" formulation discussion proposal.		N/A	After the chairman consulted the committee members present, the proposal was passed without objection and submitted to the board of directors for deliberation.
	11. "Code of Practice for Sustainable Development" formulation discussion proposal.		N/A	After the chairman consulted the committee members present, the proposal was passed without objection and submitted to the board of directors for deliberation.

Note: Securities and Exchange Act §14-5 (Company Matters Requiring Consent of the Audit Committee)

For a company that has issued stock according to this Act and established an audit committee, the provisions of Article 14-3 shall not apply to the following matters, which shall be subject to the consent of one-half or more of all audit committee members and be submitted to the board of directors for a resolution:

- (1) Adoption or amendment of an internal control system pursuant to Article 14-1.
- (2) Assessment of the effectiveness of the internal control system.
- (3) Adoption or amendment, pursuant to Article 36-1, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- (4) A matter bearing on the personal interest of a director.
- (5) A material asset or derivatives transaction.
- (6) A material capital loan, endorsement, or guarantee.
- (7) The offering, issuance, or private placement of any equity-type securities.
- (8) The hiring or dismissal of an attesting CPA or the compensation was given thereto.
- (9) The appointment or discharge of a financial, accounting, or internal auditing officer.
- (10) Annual financial and second-quarter financial reports must be audited and attested by a CPA and signed or sealed by the chairperson, managerial officer, and accounting officer.
- (11) Any other material matter so required by the company or the Competent Authority.

Except for subparagraph 10, any matter under a subparagraph of the preceding paragraph that has not been approved with the consent of one-half or more of all audit committee members may be undertaken upon the consent of two-thirds or more of all directors, without regard to the restrictions of the preceding paragraph. The resolution of the audit committee shall be recorded in the directors' meeting minutes.

A company that has established an audit committee is not subject to the provisions of Paragraph 1, Article 36 requiring that a supervisor recognize its financial reports.

"All audit committee members," as used in paragraph 1 and the preceding article's paragraph 6, and "all directors," as used in paragraph 2, shall mean the actual number of persons currently holding those positions.

2. During the recusal of an independent director due to conflict of interest; the content of the proposals, the reasons for the recusal, and the circumstances of their participation in voting shall be stated: None.

3. The communication between independent directors, internal audit supervisors, and accountants is summarized as follows (including information on Company finances, communication on major matters related to business conditions, methods and results, etc.):
- (1) In general, the audit supervisor and accountant may directly contact the independent directors as needed, and the communication is good.
  - (2) In addition to submitting the audit report to the independent directors every month, the audit supervisor also reports and communicates with the independent directors in the forum regarding the implementation and effectiveness of the relevant audit operation and submits it to the board of directors if there is no objection.

The content for the 2022 independent directors and internal audit supervisors forum is as follows:

Date	Communication Content	Recommendations and Results
2022/03/11	<ol style="list-style-type: none"> <li>1. The 2021 internal audit plan implementation was declared and confirmed to be completed on February 8, 2022.</li> <li>2. The 2021 internal self-audit has been completed, and there was no major abnormality in internal control. The 2021 annual internal control system statement is attached, and a declaration shall be issued before the end of March.</li> <li>3. A total of 6 audit items were completed during the internal audit operation review for January 2022.</li> </ol>	No objection submitted to the board of directors.
2022/05/06	<ol style="list-style-type: none"> <li>1. The 2021 internal control system statement was declared and confirmed on March 16, 2022.</li> <li>2. A total of 23 audit items were completed during the internal audit operation review from January to April 2022.</li> </ol>	No objection submitted to the board of directors.
2022/08/10	<ol style="list-style-type: none"> <li>1. The declaration operation for the 2021 internal audit inspection deficiencies and abnormal matters to be improved was completed and verified on May 5, 2022. One copy of the internal control system defects and improvement status report was printed and submitted to the CPA and the Company for reference.</li> <li>2. A total of 36 audit items were completed during the internal audit operation review from January to June 2022.</li> </ol>	No objection submitted to the board of directors.
2022/11/10	<ol style="list-style-type: none"> <li>1. The 2023 internal audit plan, as attached, has been submitted. It must be approved by the Board of Directors to be reported on time.</li> <li>2. A total of 56 audit items were completed during the internal audit operation review from January to September 2022.</li> </ol>	No objection submitted to the board of directors.

- (3) During a board of directors meeting, the CPA reported the financial statements audit methods

and results as well as the internal control review results to the independent directors.  
The communications between independent directors, CPAs, and internal audit supervisors in 2022 are as follows:

Date	Communication Items	Recommendations and Results
2022/01/18	<p>2022 Communication with Management Units - 2021 Audit and Planning Phases</p> <p>1. Scope and method of audit</p> <p>(1) The year's commissioned audit project(s)</p> <p>(2) Materiality</p> <p>(3) Material misrepresentation</p> <p>(4) Internal control.</p> <p>(5) Assessment of frauds</p> <p>(6) Group investment structure</p> <p>(7) Scope of audit for the Group</p> <p>(8) Component auditors</p> <p>(9) Export report adoption status</p> <p>(10) Audit for work schedule and expected execution contents</p> <p>11) Audit team</p> <p>(12) Possible matters of high concern for audit</p> <p>(13) Transactions between related parties</p> <p>(14) Written statement from management</p> <p>(15) Independence of inspectors</p> <p>(16) The role and function of governance for the company</p> <p>(17) The role and responsibilities of the lead CPA</p> <p>2. News regarding 2021 fiscal and tax laws and regulations</p> <p>(1) Draft amendment to the Notice of Disposal of Assets Acquired or Disposed of by Public Companies</p> <p>(2) Variations from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reasons</p>	No objection
2022/03/11	<p>2022 Communication with Management Units - 2021 Audit Conclusion Items</p> <p>1. Description of Key Audit Matters (KAM)</p> <p>(1) Inventory evaluation</p> <p>(2) Revenue recognition</p> <p>2. Audit opinion contents</p> <p>(1) Consolidated financial report: with an unqualified opinion.</p> <p>(2) Parent company only financial report: with an unqualified opinion.</p> <p>3. Materiality of this period</p> <p>(1) Overall materiality (OM):</p>	No objection

	<p>consolidated NT12,000 thousand, parent company only NT\$9,000 thousand.</p> <p>(2) Performance materiality (PM): consolidated NT\$9,000 thousand, parent company only NT\$9,000 thousand.</p> <p>(3) De minimis threshold (DMT): consolidated NT\$450 thousand, parent company only NT\$450 thousand.</p> <p>4. Uncorrected misrepresentation No uncorrected misrepresentation was found during the audit of the 2021 annual financial report.</p> <p>5. Significant internal control defect The CPAs found no significant internal control defect during the audit period.</p> <p>6. Other communication matters</p> <p>(1) Declaration by audit team members: there is no violation of independence.</p> <p>(2) The CPA did not discover any other material fraud incidents during the audit.</p> <p>(3) The CPA did not find any other material fraud during the audit.</p> <p>(4) The CPA did not find any related party transactions outside the normal business norms during the audit process.</p> <p>(5) The CPA has no major doubts about the Company's continual operations.</p> <p>(6) During the 2021 annual report/procedure manual review, the CPA did not find any material inconsistency with the information in the financial report.</p> <p>(7) During the CPA audit process, the Company had a high degree of cooperation, and the CPA did not encounter any major difficulties.</p> <p>(8) The CPA did not disagree with the opinions of the management level during the audit process.</p> <p>7. Amendments to certain provisions of the Corporate Governance Best Practice Principles for TWSE/TPEX- listed Companies and the reasons thereof</p> <p>8. Points to Note for TWSE/TPEX Listed Companies Filing Annual Self-Reported Financial Information</p> <p>9. Controlled Foreign Company (CFC)</p>	
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Note 1: If an independent director leaves before a year is completed, the exit date must be indicated in the memo column. On the other hand, the actual attendance rate (%) shall be calculated by the number of Audit Committee meetings held during service and the frequency of attendance in the meetings.

Note 2: Before the end of the year, the new and old independent directors should be filled in

if there are changes. The service dates for the old, new, reelected, or changed independent directors should be noted in the remarks field. The actual attendance rate (%) is calculated based on the number of board meetings and actual attendance during the working period.

(III) Supervisors' participation in the operation of the Board of Directors: The Company has replaced the supervisors' duties with the Audit Committee, so it is not applicable.

A total of 5 board meetings (A) were held in 2022, and the attendance status was as follows:

Title	Name	Actual attendance number (B) No. of presence by proxy	Actual attendance rate (%) ( B / A ) (Note)	Remarks

Other matters to be recorded:

1. The composition and responsibilities of supervisors:

(1) Communication between supervisors and the Company's employees and shareholders (e.g., communication channels, methods, etc.): Not applicable.

(2) Communication between supervisors and internal auditors and CPAs (e.g., matters, methods and results of communication regarding the Company's financial and business conditions): Not applicable.

(2) If a supervisor attends the Board of Directors' meeting to present his or her opinion, the date and period of the Board of Directors' meetings should be stated, including the content of the motion, the results of the Board of Directors' resolution and the Company's handling of a supervisor's opinion: Not applicable.

Note:

\* If a supervisor leaves before a year is completed, the exit date must be indicated in the memo column. The actual attendance rate (%) shall be calculated based on the actual number of attendance during the working period.

\* Before the end of the year, the new and old supervisors should be filled in if there are changes. The service dates for the old, new, reelected, or changed supervisors should be noted in the remarks field. The actual attendance rate (%) shall be calculated based on the actual number of attendance during the working period.

(III) The pursuit of corporate governance and the divergence from the Corporate Governance Best Practice Principles for TWSE/TPEX listed Companies and the reasons:

Evaluation Items	Operation Status (Note 1)			Variations from the Corporate Governance Best Practice Principles for TWSE/TPEX listed Companies and the reasons
	<u>Yes</u>	<u>No</u>	Description	
I. Has the Company instituted its corporate governance best practice principles according to the Corporate Governance Best Practice Principles for TWSE/TPEX listed Companies and disclosed them?	V		The Company's board of directors has resolved to amend the "Corporate Governance Best Practice Principles" on February 21, 2011, January 29, 2015, and May 09, 2019. (Please refer to the company's website: <a href="http://www.yeouyih.com.tw/Investor Services/E-file Area for Articles of Incorporation">http://www.yeouyih.com.tw/Investor Services/E-file Area for Articles of Incorporation</a> )	No significant difference.
II. The Equity Structure and Shareholders' Equity of the Company				
(I) Has the Company established internal operating procedures to handle shareholder suggestions, doubts, disputes, litigation matters, and implement them according to the procedures?	V		(I) The Company has formulated the "Corporate Governance Best Practice Principles" (Please refer to the company's website: <a href="http://www.yeouyih.com.tw/Investor Services/E-file Area for Articles of Incorporation">http://www.yeouyih.com.tw/Investor Services/E-file Area for Articles of Incorporation</a> ) and implement it according to the regulations. The auditors have also regularly supervised its implementation.	No significant difference.
(II) Does the Company have a list of the major shareholders who actually control the Company as well as the final controller of the major shareholders?	V		(II) The Company has entrusted Grand Fortune Securities to handle its stock affairs and can grasp the list of major shareholders who actually control the company and the list of ultimate controllers of major shareholders.	No significant difference.
(III) Has the Company established and implemented risk control and firewall mechanisms between related companies?	V		(III) The Company has formulated the "Transaction Procedures for Companies, Specific Companies, and Related Parties," "Operational Specifications for Financial Business Transactions between Related Enterprises" and "Long-and Short-term Investment Management Measures" (Please refer to the company's website: <a href="http://www.yeouyih.com.tw/Investor Services/E-file Area for Articles of Incorporation">http://www.yeouyih.com.tw/Investor Services/E-file Area for Articles of Incorporation</a> ) and implement it according to the regulations. The auditors have also regularly supervised its implementation.	No significant difference.
(IV) Has the Company established internal regulations prohibiting insiders from using undisclosed information on the market to	V		(IV) The Company has formulated the "Code of Ethical Conduct," "Code of Integrity Management," and "Corporate Governance Best Practice Principles" (Please refer to the company's website:	No significant difference.

Evaluation Items	Operation Status (Note 1)			Variations from the Corporate Governance Best Practice Principles for TWSE/TPEx listed Companies and the reasons
	<u>Yes</u>	<u>No</u>	Description	
buy and sell securities?			<a href="http://www.yeouyih.com.tw/Investor Services/E-file Area for Articles of Incorporation">http://www.yeouyih.com.tw/Investor Services/E-file Area for Articles of Incorporation</a> ) and implement it according to the regulations. The auditors have also regularly supervised its implementation.	
III. The Organization and Function of the Board				
(I) Has the Board of Directors formulated a member composition diversification policy and specific management objectives and implemented them accordingly?	V		(I) The company has regulated the composition diversity of the Board of Directors via the “Corporate Governance Best Practice Principles.” The professional background of the board members covers accounting, industry, finance, marketing, and other fields. For related explanations, please refer to page 14.	No significant difference
(II) Has the company voluntarily set up various other functional committees in addition to the Salary and Remuneration Committee and the Audit Committee established according to the law?		V	(II) The Company formulated the “Remuneration Committee Organization Regulations” during the board meeting on August 8, 2011 (please refer to the Company’s website: <a href="http://www.yeouyih.com.tw/Investor Services/E-file Area for Articles of Incorporation">http://www.yeouyih.com.tw/Investor Services/E-file Area for Articles of Incorporation</a> ) and elected 3 members to form the Remuneration Committee. For the current status of the Remuneration Committee, please refer to page 58. The “Audit Committee Organization Regulations” (please refer to the Company’s website: <a href="http://www.yeouyih.com.tw/Investor Services/E-file Area for Articles of Incorporation">http://www.yeouyih.com.tw/Investor Services/E-file Area for Articles of Incorporation</a> ) was established in the Board of Directors’ Meeting on January 28, 2021 and the Audit Committee was established on July 21, 2021, with three members were elected to form the Audit Committee. For the current status of the Audit Committee, please refer to page 43.	No significant difference
(III) Has the Company established a board performance assessment measure and evaluation method, performed performance evaluation annually and regularly, reported the performance	V		(III) Other functional committees have not yet been established. The Company has passed the “Board of Directors Self-/Peer-Evaluation Methods” on January 19, 2015 via the board of directors resolution. The internal performance evaluation for the board of directors shall be conducted at least once a year. The 2022 board of directors’ internal performance evaluation results	No significant difference



Evaluation Items	Operation Status (Note 1)			Variations from the Corporate Governance Best Practice Principles for TWSE/TPEX listed Companies and the reasons
	<u>Yes</u>	<u>No</u>	Description	
evaluation results to the board of directors, and applied the results to individual directors' salary and nomination renewal? (IV) Has the Company regularly assessed the independence of CPAs?	V		<p>were submitted to the Board of Directors meeting on March 17, 2023. It is also used as a reference for remuneration and reelection nomination for individual directors.</p> <p>(IV) The Company has evaluated the CPAs yearly, and the annual assessment review was submitted to the board of directors for review and deliberation on January 19, 2015. The CPAs for 2022 were accountants Kuo-Ming Lee and Ling-Wen Huang of Crowe Horwath (TW) CPAs. Their independence and suitability were confirmed during the board of directions discussion on November 10, 2022. The evaluation items are as follows:</p> <p>I. CPA Evaluation Items</p> <ol style="list-style-type: none"> <li>1. Independence.</li> <li>2. Suitability.</li> <li>3. Not changed for 7 years in a row.</li> <li>4. Subject to punishment.</li> </ol> <p>II. The items for assessing CPA independence are as follows:</p> <ol style="list-style-type: none"> <li>1. Does the CPA have a direct or significant indirect financial interest relationship with the Company?</li> <li>2. Does the CPA have any loan or guarantee behavior with the Company or the directors of the Company?</li> <li>3. Does the CPA have a close business and potential employment relationship with the Company?</li> <li>4. Has the CPA or his/her audit team members served as directors or managers of the Company or had a significant impact on the audit work presently or in the last two years?</li> <li>5. Has the CPA provided the Company with non-audit service items that may directly affect the audit work?</li> <li>6. Has the CPA ever brokered stocks or other securities issued by the Company?</li> </ol>	No significant difference

Evaluation Items	Operation Status (Note 1)			Variations from the Corporate Governance Best Practice Principles for TWSE/TPEX listed Companies and the reasons
	<u>Yes</u>	<u>No</u>	Description	
			<p>7. Has the CPA served as the defender of the Company or represented the Company to arbitrate conflicts with other third parties?</p> <p>8. Is the CPA related to the Company's directors, managers, or persons who significantly influence the audit case?</p>	
IV. Has the company listed on the TWSE/TPEX designated several qualified personnel? Did it appoint an officer to administer corporate governance (including but not limited to the supply of information for the Directors and Supervisors in performing their duties, holding of meetings for the Board and the Shareholders Meeting and handling related matters, assisting the Directors and Supervisors in legal compliance, and compilation of the minutes of meetings of the Board and Shareholders Meeting on record)?	V		The corporate governance program of the Company is handled by the Chairperson's Office, and on January 13, 2023, the Board of Directors approved the appointment of Assistant Deputy General Manager Li-Wen Chen as the Chief Corporate Governance Officer, who is responsible for corporate governance-related matters.	No significant difference.
V. Has the Company established channels for communication with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers) and a section for the stakeholders on the official website of the Company to respond to all concerns of the stakeholders on corporate social responsibility?	V		The Company has appointed spokespersons and acting spokespersons to handle the relevant matters, has established a special area for stakeholders on the Company's website (Yeou Yih website\investor service\company information\stakeholder area), and listed the name and contact information of the person in charge of each business communication channel to facilitate the connection of various enterprises and smooth communication with interested parties.	No significant difference.
VI. Has the Company appointed a professional share registration and investors service agent for handling matters about the shareholders meeting?	V		The Company has commissioned Grand Fortune Securities to handle the shareholders' meeting-related matters for the Company.	No significant difference.

Evaluation Items		Operation Status (Note 1)				Variations from the Corporate Governance Best Practice Principles for TWSE/TPEX listed Companies and the reasons								
		Yes	No	Description										
VII.	Information Disclosure													
(I)	Has the Company established a website to disclose its financial business and corporate governance information?	V		(I)	The Company has established a website to query related financial business and corporate governance-related information. Company website: <a href="http://www.yeouyih.com.tw/">http://www.yeouyih.com.tw/</a>	No significant difference.								
(II)	Has the Company adopted other information disclosure methods (such as setting up an English website, appointing a special person to take charge of company information collection and disclosure, implementing a spokesperson system, or placing the corporate briefing process in the Company’s website)?	V		(II)	The Company has designated personnel to report various public information at the “Market Observation Post System” regularly and irregularly according to regulations and set up spokespersons and acting spokespersons to speak to the outside world. The Company’s website also has a special section for investors’ conferences.	No significant difference.								
(III)	Has the Company disclosed and declared the financial statements within 2 months after the end of the fiscal year and announced and declared the financial statements covering Q1, Q2, and Q3, and the monthly business reports before the deadline?		V	(III)	1. 2022 annual financial report announcement dates are as follows: <table border="1"><tr><td>Quarter 1</td><td>Quarter 2</td><td>Quarter 3</td><td>Quarter 4</td></tr><tr><td>2022/05/10</td><td>2022/08/10</td><td>2022/11/10</td><td>2023/03/23</td></tr></table> 2. 2022 The operation situation of each month of the year is reported by the deadline.	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2022/05/10	2022/08/10	2022/11/10	2023/03/23	No significant difference.
Quarter 1	Quarter 2	Quarter 3	Quarter 4											
2022/05/10	2022/08/10	2022/11/10	2023/03/23											
VIII.	Does the Company have other important information that can facilitate understanding of the Company’s corporate governance (including, but not limited to, employee rights, employee care, investor relations, supplier relationships, stakeholder rights, director and supervisor training status, risk management policies and metrics implementation status, customer policy implementation status, and director and supervisor insurance purchase status by the Company)?	V		(I)	Employees’ rights and interests: In addition to providing labor health insurance and retirement systems, the Company also offers group insurance, regular health checkups, various education and training, and appeal channels to protect employees’ rights and interests.	No significant difference.								
				(II)	Employee care: In addition to providing year-end bonuses and employee dividends, the Company has also established an employee welfare committee to promote various welfare measures and activities (see page 124 of the annual report).									
				(III)	Investor relations: The Company’s relevant operating information is reported to the Market Observation Post System or placed on the Company’s website according to regulations. We have also									

Evaluation Items	Operation Status (Note 1)			Variations from the Corporate Governance Best Practice Principles for TWSE/TPEx listed Companies and the reasons
	<u>Yes</u>	<u>No</u>	Description	
			<p>established a window for answering questions from investors and shareholders on the Company's website, which shows the contact numbers and mailboxes of spokespersons, stock agents, etc., to establish communication channels for investors.</p> <p>(IV) Supplier relationship: The Company has established a "Supplier Management Operation" for supplier assessment to ensure that the suppliers' quality, price, and delivery conditions meet the Company's needs before establishing a partnership.</p> <p>(V) Rights of stakeholders: The Company has established an investor service area on the Company website to disclose the Company's operating information and provide a Q&amp;A window for investment shareholders at any time. It contains the contact numbers and email addresses of spokespersons, stock agents, stakeholders associated with banks, creditors, employees, consumers, suppliers, communities, or the Company's interests to maintain their legal rights.</p> <p>(VI) Advanced training directors and supervisors: The Company provides information on various advanced training courses for directors and supervisors from time to time and reports the relevant course participation information for directors and supervisors on the "Market Observation Post System."</p> <p>(VII) Risk management policy and risk measurement standard implementation status: The Company has strengthened its corporate risk management in recent years based on the latest internal audit development and standard requirements by providing cautions and strict risk detection, assessment, reporting, and handling. The Company's risk control is divided into three levels (mechanisms): The first mechanism is the organizer and the contractor, who must take responsibility for the initial risk detection, assessment, control, design, and prevention for various operations. The second mechanism is the various management</p>	

Evaluation Items	Operation Status (Note 1)			Variations from the Corporate Governance Best Practice Principles for TWSE/TPEx listed Companies and the reasons
	<u>Yes</u>	<u>No</u>	Description	
			<p>meetings chaired by the general manager or board chairman. In addition to feasibility assessment, it also includes various risk assessments. The third mechanism is the reviews by the audit office and the board of directors. The company does not have a chief risk officer. Its purpose is to comprehensively control risks for all employees. This layer-by-layer prevention is the most practical risk control method rather than single-person control.</p> <p>(VIII) Customer policy implementation status: In addition to our business department actively contacting customers, the Company has also introduced the Company's product specifications and related information on the Company website. We have also established a client contact mailbox to keep the contact channels open and serve the customers.</p> <p>(IX) Circumstances in which the company purchases liability insurance for directors and supervisors: The company has purchased liability insurance for directors and supervisors every year since 2005.</p> <p>(X) The Company has notified all directors and supervisors to attend board of directors meetings, and the attendance status is good.</p>	
<p>IX. The state of corrective action taken in response to the corporate governance evaluation result announced by the Corporate Governance Center of the Taiwan Stock Exchange Corporation and other issues requiring special effort for improvement and related measures of the most recent year.</p> <p>Priority improvement: Set up other functional committees.</p>				

Note 1: Regardless of whether the operation status is checked "Yes" or "No," it should be clarified in the summary description column.

(IV) If the Company has established a Remuneration Committee, it must disclose its composition, responsibilities, and operation: The Company has formulated the “Remuneration Committee Organization Regulations” during the board meeting on August 8, 2011 (please refer to the Company’s website: <http://www.yeouyih.com.tw/Investor Services/E-file Area for Articles of Incorporation>) and elected 3 members to form the Remuneration Committee.

1. Profiles of the members of the Remuneration Committee:

Qualifications		Professional Qualifications and Experience (Note 2)	Independence Status (Note 3)	The number of public companies where the person also holds positions in their remuneration committees.
Identity Status (Note: 1)	Name			
Convene Members	Mei-Yao Chang	1. Has business, legal affairs, finance, accounting, or corporate business experience. 2. With no condition listed by Article 30 of the Company Act.	1. Ratio of shares held by the subject, the subject’s spouse, or relatives within the second degree of kinship held (or held under the name of others): None 2. Not serving as a director, supervisor, or employee of a company that has a specific relationship with this Company. 3. The amount of remuneration received for providing business, legal, financial, accounting, and other services to the Company or its affiliated companies in the last 2 years: None.	0
General Members	Chih-Hsueh Lin	1. Has business, legal affairs, finance, accounting, or corporate business experience. 2. With no condition listed by Article 30 of the Company Act.	1. Ratio of shares held by the subject, the subject’s spouse, or relatives within the second degree of kinship held (or held under the name of others): None 2. Not serving as a director, supervisor, or employee of a company that has a specific relationship with this Company. 3. The amount of remuneration received for providing business, legal, financial, accounting, and other services to the Company or its affiliated companies in the last 2 years: None.	0
General Members	Yu-Liang Pan	1. Has business, legal affairs, finance,	1. Ratio of shares held by the subject, the subject’s spouse, or relatives within	0

		accounting, or corporate business experience. 2. With no condition listed by Article 30 of the Company Act.	the second degree of kinship held (or held under the name of others): None 2. Not serving as a director, supervisor, or employee of a company that has a specific relationship with this Company. 3. The amount of remuneration received for providing business, legal, financial, accounting, and other services to the Company or its affiliated companies in the last 2 years: None.	
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Note 1: Please specify the relevant working years, professional qualifications, experience, and independence of the members of the remuneration committee in the form. For an independent director, please refer to the relevant contents on the director and supervisor information (1) on page ○○ of Table 1. Please fill in the identity as an independent director or other (please add a note for the convener).

Note 2: Professional qualifications and experience: State the professional qualifications and experience of individual members of the Remuneration Committee.

Note 3: Independence compliance status: Remuneration committee members must state their independence status, including, but not limited to, whether they themselves, their spouse, or relatives within the second degree of kinship have served as directors, supervisors, or employees of the Company or its affiliates; the number and ratio of Company shares held by them, their spouse, or relatives within the second degree of kinship (or under the name of others); whether they have served as directors, supervisors, or employees of a company that has a specific relationship with this Company (refer to Subparagraphs 5-8, Paragraph 1, Article 6 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and the remuneration received for providing business, legal, financial, accounting, and other services to this Company or its affiliates in the last 2 years.

Note 4: For disclosure methods, please refer to the best practice reference examples contained on the TWSE Corporate Governance Center website.

2. Compensation Committee Operating Status Information:

- (1) Remuneration Committee of the Company contains 3 members.
- (2) Current term: July 20, 2021 to July 20, 2024. The most recent annual Salary and Compensation Committee met 2 times (A), and the qualifications and attendance of the members are as follows

Title	Name	Actual attendance number (B)	No. of presence by proxy	Actual attendance rate (%) ( B / A ) (Note)	Remarks
Convene Members	Mei-Yao Chang	2	0	100.00%	Reelected on July 21, 2021 With independent director status.
General Members	Chih-Hsueh Lin	2	0	100.00%	Reelected on July 21, 2021 With independent director status.
General Members	Yu-Liang Pan	2	0	100.00%	Reelected on July 21, 2021 With independent director status.

Other matters to be recorded:

- I. If the Board of Directors does not adopt or amend the Salary and Remuneration Committee's recommendations; the date of the Board of Directors meeting, the period, the content of the proposal, the results of the Board of Directors' resolutions, and the Company's handling of the Remuneration Committee's opinions must be noted (such as the remuneration approved by the board of directors is better than the recommendation of the remuneration committee, the difference, and the reason): As of December 31, 2022, the Company's directors have all adopted the recommendations of the Remuneration Committee.
- II. For Salary and Remuneration Committee's resolutions, if members have objections or reservations and made records or written statements; the Salary and Remuneration Committee's meeting date, period, proposal content, all members' opinions, and the Company's handling of the Salary and Remuneration Committee's opinions must be noted: As of December 31, 2022, the Company's Remuneration Committee members have agreed to all the proposals.
- III. The remuneration committee operations shall state the meeting date, period, proposal contents, resolution results, opinions of all independent directors, and how the Company handles the opinions of independent directors:



Meeting Date	Agenda	Resolution Result	Independent Director Objection Handling
5th Term 2nd Meeting 2022/01/18	1. Minutes of previous meetings and implementation status reports 2. 2021 year-end bonus payment evaluation recommendation discussion proposal.	Execute according to the resolution contents. After the chairman consulted the attending committee members present, there was no objection.	Not applicable
5th Term 3rd Meeting 2022/03/11	1. Minutes of previous meetings and implementation status reports. 2. 2021 director, supervisor, and employee remuneration deliberation and distribution discussion proposal.	Execute according to the resolution contents. After the chairman consulted the attending committee members present, there was no objection.	Not applicable

Note: (1) If a Remuneration Committee member leaves before a year is completed, the exit date must be indicated in the memo column. The actual meeting attendance rate (%) shall be calculated by the number of Remuneration Committee meetings held during service and the frequency of attendance in the meetings.

(2) If any Remuneration Committee members are elected before a year is completed, the (new and old) members' names shall be listed and specified in the remark column. They must indicate whether a specific member is new or re-elected as well as the election date. The actual attendance rate (%) is calculated based on the number of Remuneration Committee meetings and actual attendance during the working period.

3. Remuneration Committee's responsibilities: The scope of authority for this committee is to formulate proposals on the following items and submit them to the board of directors for discussion and resolution.

I. Set the remuneration of directors.

II. Set the remuneration of the chairman and managers.

III. Other cases referred by the board of directors.

#### (IV) Information on members and operations of the Nomination Committee

1. Clarify the appointment qualifications and responsibilities of the Company's Nomination Committee members: The Company has not yet established a Nomination Committee.

2. The term of office for the committee members: From  Year  Month  Day to  Year  Month  Day. The Nomination Committee met 0 times (A) in the most recent year. The professional qualifications and experience of the members, attendance, and discussion items are as follows:

Title	Name	Professional Qualifications and Experience	Actual attendance No. (B)	No. of presence by proxy	Actual attendance rate (%) (B/A) Note	Remarks
Convener						
Members						
Members						
<p>Other matters to be recorded:</p> <p>Describe the Nomination Committee's meeting date, period, proposal contents, proposals, objections of the nomination committee members, resolution results, and how the Company handles the Nomination Committee's opinions.</p>						

Note:

- (1) If a Nomination Committee member leaves before a year is completed, the exit date must be indicated in the memo column. The actual meeting attendance rate (%) shall be calculated by the number of Remuneration Committee meetings held during service and the frequency of attendance in the meetings.
- (2) If any Nomination Committee members are elected before a year is completed, the (new and old) members' names shall be listed and specified in the remark column. They must indicate whether a specific member is new or re-elected as well as the election date. The actual attendance rate (%) is calculated based on the number of Remuneration Committee meetings and actual attendance during the working period.

(V) Sustainable Development Implementation Status and Reasons for Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”

Sustainable Development Implementation Status and Reasons for Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Items	Operation Status (Note 1)			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description (Note 2)	
I. Has the Company established a governance structure to promote sustainable development and set up a dedicated (part-time) unit to promote sustainable development? Has the board of directors authorized senior management to handle the matter, and what is the board of directors' supervision status?		V	Currently, the Company's sustainable development is promoted individually by various departments according to their professional responsibilities, and the efforts are reported regularly during management meetings.	The Company has Considered to Establish Full-time (Part-time) Units to Promote Sustainable Development
II. Has the Company conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations in accordance with the materiality principle, and establish the relevant risk management policy or strategy? (Note 2)	V		(I) Environmental Protection The company is a stainless steel processing and manufacturing plant, and its products are mainly stainless steel medium-thickness plates. As a global citizen, the Company deeply understands the importance of environmental sustainability. We aim to introduce the environmental management system to minimize environmental violation risks, promote long-term resource recycling and wastewater recycling projects, and implement personnel education and training. The goal is to strengthen environmental awareness and improve resource use efficiency. The relevant production operations are operated according to the environmental management system. Internal and regular meetings are held to review the effectiveness of the implementation. The environmental safety team implements and promotes environmental policies, establishes detailed documents and records, and actively implements environmental	No significant difference

Evaluation Items	Operation Status (Note 1)			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description (Note 2)	
			<p>protection actions. The Company has assigned dedicated personnel to conduct relevant monitoring and management operations each day. The Company has also established a “Risk Management Scoring Benchmark” for annual analysis to review and improve environmental impact projects and fulfills corporate social responsibility.</p> <p>(II) Product Responsibility  Yeou Yih Steel Co., Ltd. has obtained the following certifications to ensure that the Company’s products comply with laws and regulations:</p> <ol style="list-style-type: none"> <li>1. Passed the German TUV ISO9001: 2015 International Quality Management Qualification certification.</li> <li>2. Obtained the “PED/AD2000-W0/W2/W10 pressure vessel material manufacturer” certificate certified from German TUV.</li> <li>3. Obtained the German TUV “Building Material Manufacturer” certification</li> <li>4. Obtained the Norwegian “DNV.GL VL304L/VL316L Shipbuilding Materials Factory Verification” certification</li> <li>5. Passed the British SGS ISO14001:2015 International Environmental Management System certification</li> </ol> <p>Yeou Yih International Co., Ltd. has obtained the following certifications to ensure that the Company’s products comply with laws and regulations:</p> <ol style="list-style-type: none"> <li>1. Japan’s “Industrial Standard JIS MARK” certification.</li> </ol> <p>(III) Employee &amp; Employer Relations</p> <ol style="list-style-type: none"> <li>1. The Company has formulated regulations such as “Work Rules,” “Labor Safety and Hygiene Code,” and “Labor Retirement Measures” according to the labor-related laws and international human rights conventions and submits them to the competent authority for approval and reference.</li> </ol>	

Evaluation Items	Operation Status (Note 1)			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description (Note 2)	
			<p>2. The Company's employees can also fill out complaints and put them in the suggestion box in addition to submitting complaints through monthly department meetings and labor-management meetings. The management department shall handle the complaints.</p> <p>3. The Company has revised the "Safety and Hygiene Work Rules" according to laws and regulations and printed a manual to distribute to employees. The relevant dedicated units have regularly publicized and trained employees to ensure they abide by safety regulations during their working environment. Regular emergency response drills are held every year, including fire drills.</p> <p>4. Implement regular labor health inspections, and detect noise and heavy metals inside and outside the factory each year according to safety, health, and environmental protection regulations. Schedule the "Occupational Disaster Prevention" and "Noise Hazards" courses into the annual education and training plan.</p> <p>5. The Company employees conduct bilateral communications with employers through monthly departmental meetings and submit questions to the monthly management meetings for processing.</p> <p>6. All new employees of the Company have received on-the-job training. In addition to the professional education and training executed by the department during their employment, employees can also participate in various training courses provided by external institutions to enrich their professional learning skills.</p> <p>(IV) Anti-corruption</p> <p>1. The Company's corporate integrity promotion management has been approved by the board of directors on February 21,</p>	

Evaluation Items	Operation Status (Note 1)			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description (Note 2)	
			<p>2011, to formulate the “Code of Integrity Management,” and the board of directors approved the formulation of the “Code of Ethical Conduct” on April 25, 2011, for compliance.</p> <p>2. The relevant rules and regulations have been published on the Company’s website for the convenience of the Company’s colleagues and outsiders.</p> <p>3. This operation is promoted by the secretariat, directly subordinate to the board of directors, and the implementation status is regularly reported to the board of directors.</p> <p>4. The implementation of the promotion of corporate integrity for 2022 was reported to the Board of Directors on January 13, 2023.</p> <p>(V) Legal compliance The Company has abode by relevant regulations such as product specifications, fair trade laws, international trade laws, import and export laws, environmental protection laws, and labor laws. We have also planned internal education and training programs to advocate laws and regulations.</p>	
III. Environmental Issues				
(I) Has the Company established an appropriate environmental management system according to its industrial characteristics?	V		<p>(I) Company has established an environmental management system according to ISO 14001, reviewed the Company’s relevant environmental laws and regulations regularly, formulated the Company’s operating rules and regulations according to legal requirements, and reviewed the implementation performance.</p> <p>(II) The Company is currently certified by the ISO 14001 Diameter Change Management System. The scope of the certification is: hot-rolled steel plate manufacturing, and the validity period is until December 18, 2024.</p>	No significant difference
(II) Is the Company committed to improving energy and efficiency and using recycled materials with reduced environmental	V		<p>(I) The Company is actively committed to energy saving and carbon emissions reduction, and participated in the Energy Bureau’s counseling project in cooperation with the Metal</p>	No significant difference

Evaluation Items	Operation Status (Note 1)			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description (Note 2)	
impacts?			Center in 2020, and introduced the “Intelligent Reconfigurable Thermal Storage Combustion System Development Project” to update the solidification Furnace A burner to a thermal storage burner, which reduces the natural gas consumption by 44.5% compared to the original burner.	
(III) the Company assessed the potential risks and opportunities brought by climate changes for the present and future, and adopted the relevant countermeasures?	V		(I) The Company is not a major consumer of electricity, but in consideration of the risk of climate change, we regularly conduct environmental risk assessments and adopt countermeasures. In recent years, the Company has been improving the recycling of process water and various power-saving measures, such as switching to LED lighting and changing the air-conditioning compressor to an inverter type. At the same time, we have improved the efficiency of our burners and reduced natural gas consumption by 44.5%.	No significant difference
(IV) Has the Company calculated its greenhouse gas emissions, water consumption, and the total weight of waste for the past two years; and has the Company formulated any carbon reduction, greenhouse gas reduction, water use reduction, or other waste management-related policies?	V		(I) The Company’s environmental statistics for 2021 to 2022 are as follows: 1. Greenhouse gas: 2021 Scope 1: Approximately 2,695 tCO <sub>2</sub> e emissions, equivalent to 109 kg CO <sub>2</sub> e per ton of product. Scope 2: about 1463 tons of CO <sub>2</sub> equivalent emissions. Total: 4158 tons of CO <sub>2</sub> equivalent. 2022 Scope 1: Approximately 2454 tCO <sub>2</sub> e emissions, which is equivalent to 92 kg CO <sub>2</sub> e per ton of product. Scope 2: Approximately 1549 tCO <sub>2</sub> e Total: 4003 tCO <sub>2</sub> e. 2. Water consumption 2021 Water consumption: 33291 m <sup>3</sup> Water recycling volume: 6073 m <sup>3</sup>	No significant difference

Evaluation Items	Operation Status (Note 1)			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description (Note 2)	
			<p>Equivalent to about 1.16 m<sup>3</sup> of water per ton of product. 2022 Water consumption: 28282 m<sup>3</sup> Water recycle volume: 5848 m<sup>3</sup> Equivalent to about 0.95 m<sup>3</sup> of water per ton of product.</p> <p>(3) Waste: 2021 Hazardous commercial waste: 109.26 tons General commercial waste: 119.04 tons Domestic waste: 16.86 tons Resource recycling: 1.59 tons We have applied for waste reuse with the upstream manufacturer "Yieh United Steel Corp." After the waste (waste acid) is treated, it is used in the production process (by upstream manufacturers as raw materials). 55.632 tons total</p> <p>2022 Hazardous commercial waste: 69.35 tons General commercial waste: 122.1 tons Domestic waste: 16.57 tons Resource recycling: 1.56 tons We have applied for waste reuse with the upstream manufacturer "Yieh United Steel Corp." After the waste (waste acid) is treated, it is used in the production process (by upstream manufacturers as raw materials). 19.6 tons total</p> <p>(II) The Company has set relevant environmental goals in response to environmental issues. Take CO<sub>2</sub> as an example: In 2022, the CO<sub>2</sub> equivalent of a unit of Scope 1 products was reduced by 18% compared to 2021, and the total CO<sub>2</sub> equivalent in 2022 was reduced by 4% compared to 2021.</p>	



Evaluation Items	Operation Status (Note 1)			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description (Note 2)	
IV. Social Issues				
(I) Has the Company established related management policies and procedures according to applicable laws and international human rights conventions?	V		<p>(I) The Company has formulated a <i>Human Rights Policy and Management Plan</i> to support and follow the basic human rights principles provided by the “Universal Declaration of Human Rights,” the “Two International Covenant on Human Rights,” “The United Nations Global Compact,” and the International Labour Organization’s “Declaration on Fundamental Principles and Rights at Work.”</p> <p>(II) Human rights policies include: diversity and inclusiveness and equal job opportunities, constructing reasonable labor conditions, opposing forced labor, opposing child labor, humane treatment, working environment health and safety, privacy protection, benign labor communication, value chain responsibility, etc.</p> <p>(III) Specific management programs include: gender equality and diverse recruitment strategies, smooth channels for reflecting opinions, etc.</p> <p>(IV) Human rights risk mitigation measures include: human rights assessment and investigation process, human rights protection training practices, legal employment, human rights policy management indicators, etc.</p>	No significant difference
(II) Has the Company established and pursued reasonable welfare policies for the employees (including remuneration, holidays, and other benefits) and reflected the performance or results of operations in the remunerations to the employees?	V		<p>(I) Employee welfare measures, training, training and retirement systems and their implementation:</p> <p>1. Employee welfare measures: Comply with labor insurance regulations to apply for labor insurance so workers may enjoy labor insurance protection. Employees and their family members must join the national health insurance and enjoy other due benefits and protections. The company applied to organize an Employee Welfare Committee according to the relevant laws and regulations, which was approved and registered on May 4,</p>	No significant difference

Evaluation Items	Operation Status (Note 1)			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description (Note 2)	
(III) Has the Company provided a safe and healthy work environment for employees and education on occupational safety and health for employees at regular intervals?	V		<p>2000. The Employee Welfare Committee handles domestic (foreign) travel, marriage, funeral, maternity subsidies, dinner parties, education and training, emergency relief, and other benefits.</p> <p>(2) Business performance: The Company distributes employee bonuses based on operating performance every year and also provides performance bonuses to colleagues with special achievements and contributions.</p> <p>(I) The Company arranges various safety and health work items according to the safety and health annual plan, implements safety and health education and training, and performs inspection and maintenance for dangerous mechanical equipment. We also implemented a constant improvement to eliminate unsafe factors. Labor safety nurses are hired to conduct regular inspections of the health and activities of employees and propose improvement measures.</p> <p>(II) In 2022, 1 occupational accident occurred due to unsafe behaviors, affecting 1 employee, accounting for 1.1% of the total number of employees. The relevant safe operation regulations or education and training have been implemented to avoid recurrence.</p>	No significant difference
(IV) Has the Company established an effective employee career development training program?	V		<p>(I) The Company has actively cultivated talents, attached great importance to the development of colleagues' career capabilities and applied for the "Enterprise Human Resources Improvement Plan" of the Workforce Development Agency of the Ministry of Labor since 2021 to take advantage of government resources and implement talent cultivation systematically. We also applied for the "Human Resources Development Center" project in 2022, whereby professional consultants will be hired to guide the factory. The goal is to enhance the Company's</p>	No significant difference

Evaluation Items	Operation Status (Note 1)			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description (Note 2)	
(V) Regarding customer health and safety, customer privacy, marketing, and labeling topics, has the Company complied with the relevant regulations and international standards and devised the relevant consumer or customer protection policies and complaint procedures?			competitiveness and improve various internal management systems by planning and implementing education and training. The Company provides employees with internal or external training courses to cultivate employees' professional learning ability and engages in publicity activities related to labor safety and health. The goal is to educate employees on occupational accident prevention measures.	No significant difference
(VI) Has the Company established a supplier management policy to demand suppliers observe applicable rules and regulations governing environmental protection, occupational safety and health, labor rights, and the state of implementation?			<p>(I) The stainless steel thick plate products produced by the Company are based on international standards such as ASTM, EN, JIS, and other specifications whereby we have passed product certification. Relevant regulations on customer service have been formulated under the ISO 9001 quality management system framework. In addition to ensuring the security of customer information, any customer service or complaint can be notified to the Company through the customer service contact form. After the Company handles the client's feedback, customer service notifies the client of the handling result.</p> <p>(I) We have evaluated and assessed suppliers to ensure they meet quality requirements according to our <i>External Supplier Management Procedures</i>. The goal is to ensure the quality of the Company's raw materials and outsourced operations can meet the factory's needs. Personnel from the Procurement Unit must conduct relevant evaluation operations on the relevant basic information and various supporting documents provided by the supplier, such as ISO registration, material certification, or CPR / PED / DNV certificates, to ensure that the suppliers' quality and various capabilities can meet the Company's needs. The evaluation results are then shared with the original demand application units.</p> <p>(II) Supplier evaluation procedure: The quality of our suppliers significantly impacts the condition of our products. To ensure</p>	No significant difference

Evaluation Items	Operation Status (Note 1)			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description (Note 2)	
			<p>that suppliers can continue to maintain a certain delivery quality and serve as the foundation for rewards and punishments, the following supplier assessment methods are implemented:</p> <ol style="list-style-type: none"> <li>1. Information provision: Every year, the purchasing unit reviews the suppliers' delivery records. It compiles a list of the suppliers' delivery dates, quality, degree of collaboration, etc., which the purchasing unit uses to evaluate the suppliers.</li> <li>2. Supplier assessment and approval The Procurement Unit and other relevant units evaluate suppliers' delivery dates, quality, and cooperation yearly. The total number of suppliers to be evaluated in 2022 according to the <i>External Supplier Management Procedures</i> is 26. The passing rate was 100%.</li> <li>3. Environmental impact assessment procedures for contractors When issuing a contract or placing a purchase order, the Procurement Unit must inform the factory of the environmental policy and requirements to convey the importance of environmental management. Each year, the Procurement Unit must inspect the basic information of registered manufacturers before the end of December to identify those who have included significant environmental considerations or project contracts exceeding NT\$3,000,000 and then issue a "Contractor Environmental Management Survey Questionnaire" to determine their environmental management status. Contractors who violated government environmental protection/industrial safety regulations, company environmental/industrial safety policies, etc., shall be registered in the "Contractor Industrial Safety and Environmental Protection Violation Registration Form." The</li> </ol>	

Evaluation Items	Operation Status (Note 1)			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description (Note 2)	
			<p>Company shall deduct their points according to supplier management procedures and require immediate improvement.</p> <p>Contractors registered in the “Contractor Industrial Safety and Environmental Protection Violation Registration Form” 3 times (inclusive) or more each year shall be noted in the “Watch List for Contractors Who did not Meet the Environmental Assessment Standards.” Their qualification to be included in the qualified suppliers’ list next year shall be reviewed. Based on the Company’s investigations, no violations of environmental and industrial safety laws and regulations by contractors in 2022 have occurred and the pass rate is 100%.</p> <p>Suppose the products or services provided by a contractor have significant environmental considerations. In that case, the Procurement Unit shall inform the contractor of possible environmental impacts and require it to manage or prevent them.</p> <p>The engineering and environmental units shall assist the Procurement Unit in ensuring the contractors fully understand the requirements and terms of our factory’s environmental management requirements as well as the relevant environmental laws and regulations.</p> <p>Contractors who have occupational accidents, environmental hazards, fires, and other general accidents during construction or operation in the factory area must immediately report the issues to the Company’s Management Department as well as engineering and environmental units, accept investigations, and attend accident review meetings.</p> <p>All records generated due to the abovementioned incidents</p>	

Evaluation Items	Operation Status (Note 1)			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description (Note 2)	
			shall be kept for future reference according to the “Environmental Records Management Procedures.” Handling for “Watch List for Contractors Failing to Meet the Environmental Assessment Standards”: Contractors registered in the “Contractor Industrial Safety and Environmental Protection Violation Registration Form” 3 times (inclusive) or more each year shall be noted in the “Watch List for Contractors Who did not Meet the Environmental Assessment Standards.” Their qualification to be included in the qualified supplier’s list next year shall be reviewed.	
V. Does the Company prepare corporate social responsibility reports and other reports that disclose non-financial information based on universal international reporting standards or guidelines? Does the company obtain assurance or certification of the aforesaid reports from a third-party accreditation institution?		V	The Company has established a company website to disclose information about its sustainable development operation efforts, and a dedicated person is responsible for maintaining this website.	The formulation of a sustainability report has been deliberated.
VI. If the Company has established sustainable development principles based on the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” describe the implementation and any deviations from the Principles: On March 17, 2023, the Board of Directors of the Company approved the establishment of the “Code of Practice for Sustainable Development” to strengthen the implementation of corporate social responsibility. The Company regularly reviews the implementation of the Code and makes improvements accordingly.				
VII. Other important information to facilitate better understanding of the Company’s sustainable development practices: <ol style="list-style-type: none"> <li>1. List the Company’s various employee welfare measures, continuing education and training, retirement systems, labor-management agreements, and the various employee rights protection measures: See page 84 for details.</li> <li>2. Solar power generation equipment is installed on the factory building’s roof, and the solid solution furnace is constantly upgraded to reduce natural gas consumption.</li> <li>3. We have condoled the hard work of medical staff and provided meal services during the COVID-19 epidemic.</li> </ol>				

- Note 1: If the Current Implementation is ticked “Yes,” please specify the important policies, strategies, measures, and implementation status adopted. If the Current Implementation is ticked “No,” please explain the difference and cause in the “Status and Reasons for Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” field, and explain the plans to adopt relevant policies, strategies, and measures in the future. However, in relation to the promotion of items 1 and 2, listed companies should describe the governance and supervisory framework for sustainable development, including but not limited to the management approach, strategy and goal setting, and review measures, etc. Also describe the Company’s risk management policies or strategies on environmental, social and corporate governance issues related to operations and their evaluation.
- Note 2: The materiality principle refers to environmental, societal, and corporate governance issues that significantly impact company investors and other stakeholders.
- Note 3: For disclosure methods, please refer to the best practice reference examples contained on the TWSE Corporate Governance Center website.

## Climate Information for Listed Companies

### 1 Climate-related information implementation

Item	Implementation Status
<ol style="list-style-type: none"> <li>1. Describe the oversight and governance of climate-related risks and opportunities by the board of directors and management.</li> <li>2. Describe how the identified climate risks and opportunities affect the business, strategy and finances (short, medium and long term) of the enterprise.</li> <li>3. Describe the financial impact of extreme climate events and transformational actions.</li> <li>4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.</li> <li>5. If scenario analysis is used to assess the resilience to climate change risks, describe the scenario, parameters, assumptions, analysis factors and key financial impact used.</li> <li>6. If there is a transition plan to manage climate-related risks, describe the contents of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.</li> <li>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be described.</li> <li>8. If climate-related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the annual progress of achievement should be stated; if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and quantity of carbon credits to be offset or the quantity of renewable energy certificates (RECs) should be stated.</li> <li>9. Greenhouse gas inventory and confirmation (fill in 1-1 separately).</li> </ol>	

Note: Considering the promotion of climate-related information disclosures, the need to collect relevant information and build greenhouse gas inventory capabilities, a one-year buffer period is provided for listed companies to explicitly reveal the schedule from January 1, 2024 onwards.



### 1-1. Greenhouse gas inventory and assurance

<p>Basic information of the Company</p> <p><input checked="" type="checkbox"/> Companies with capitalization of over NT\$10 billion, steel industry, cement industry</p> <p><input type="checkbox"/> Companies with capitalization of more than NT\$5 billion and less than NT\$10 billion</p> <p><input type="checkbox"/> Companies with capitalization of less than NT\$5 billion</p>	<p>As stipulated in the Roadmap for the Sustainable Development of Listed Companies, the following should at least be disclosed:</p> <p><input type="checkbox"/> Parent company only inventory <input type="checkbox"/> Inventory of subsidiaries listed in the consolidated financial statements.</p> <p><input type="checkbox"/> Parent company only assurance <input type="checkbox"/> Assurance of subsidiaries listed in the consolidated financial statements.</p>
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Scope 1	Total Emissions (tCO2e)	Intensity (tCO2e/NT\$ million)(Note 2)	Assurance Agency	Assurance status (Note 3)
Parent Company				
Subsidiaries				
...(Note 1)				
Total				
Scope 2	Total Emissions (tCO2e)	Intensity (tCO2e/NT\$ million)(Note 2)	Assurance Agency	Assurance status (Note 3)
Parent Company				
Subsidiaries				
...(Note 1)				
Total				
Scope 3				

Instructions for completing the form:

- Information on Scope 1 and 2 are governed in accordance with schedule set forth in Article 10, paragraph 2 of the Standard; Scope 3 information can be voluntarily disclosed by the Company.
- The Company may conduct a greenhouse gas inventory in accordance with the following standards:
  - Greenhouse Gas Protocol (GHG Protocol).
  - International Organization for Standardization, ISO 14064-1.
- The assurance organization shall comply with the relevant provisions of the sustainability report confirmation set by the Taiwan Stock

Exchange Corporation and TPEX.

4. Subsidiaries may report individually, in aggregate (e.g., by country or region), or in combination (Note 1).
5. The intensity of greenhouse gas emissions can be calculated per unit of product/service or turnover, but at least the data calculated by turnover (NT\$ million) should be disclosed (Note 2).
6. The proportion of operating sites or subsidiaries not included in the inventory calculation shall not be more than 5% of the total emissions, and the total emissions disclosed shall refer to the emissions calculated in accordance with the mandatory inventory scope as stipulated in Form 1.
7. Assurance status should be summarized in the assurance report issued by the assurance organization and the complete assurance opinion should be attached to the annual report (Note 3).

(VI) The Company's ethical operation fulfillment status and measures adopted: The Company has formulated the Code of Integrity Management, Internal Control System, Internal Audit System, and various other management measures (Please refer to the Company's website: [http://www.yeouyih.com.tw/Investor Services/E-file Area of Articles of Incorporation](http://www.yeouyih.com.tw/Investor%20Services/E-file%20Area%20of%20Articles%20of%20Incorporation)). Our Audit Unit and external professionals (brokers, CPAs, etc.) also conduct periodic spot checks on the implementation status.

**Integrity policies and practices implementation status, the deviation, and the cause of deviation in practice differences compared to that of TWSE/GTSM listed companies:**

Evaluation Items	Operation Status (Note 1)			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies
	Yes	No	Description	
I. Establishment of ethical corporate management policies and action plans				
(I) Has the Company specified its policies and methods for implementing ethical corporate management in its internal rules and regulations and external documents, and has the board and the management of the Company promised to implement the ethical corporate management policies?	V		The Company formulated the "Code of Ethical Conduct" on March 22, 2005, and the "Code of Integrity Management" on February 21, 2011, according to the integrity management principle (please refer to the website of our company: <a href="http://www.yeouyih.com.tw/Investor%20Services/E-file%20Area%20of%20Articles%20of%20Incorporation">http://www.yeouyih.com.tw/Investor Services/E-file Area of Articles of Incorporation</a> ) to strictly forbidden offering or accepting bribes and providing illegal political contributions. These codes are implemented after approval by the board of directors and are published on the Company's website for inquiry and compliance by the employees and external personnel.	No significant difference
(II) Has the Company developed mechanisms for assessing integrity risks with routine analysis and assessment of business activities exposed to higher integrity risks in the operation, based on which the Company has planned to prevent	V		The Company's "Code of Integrity Management" has stipulated a plan to prevent dishonest behavior and clearly defined operating procedures, behavior guidelines, violation punishment provisions, and complaint systems for various programs.	No significant difference

Evaluation Items	Operation Status (Note 1)			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies
	Yes	No	Description	
<p>unethical practices? The content shall cover at least the preventive measures in Paragraph 2 in Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”</p> <p>(III) Has the Company established plans to prevent unethical practices and specified the operation procedures, code of conduct, punishment for violation, and system for disciplining and complaints, and have these plans been implemented with routine review and revision?</p>	V		The “Code of Integrity Management” formulated by the Company has detailed the prohibition of directors, supervisors, managers, and their employees from engaging in business activities with a relatively higher risk of dishonesty as provided by Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”	No significant difference
<p>II. Implementation of ethical corporate management</p> <p>(I) Has the Company evaluated the record of the counterparties on business ethics and explicitly stated business integrity as an integral part of the contracts when entering into agreements with counterparties of trade?</p> <p>(II) Does the Company have a dedicated unit under the Board of Directors to promote ethical corporate management and report regularly (at</p>	V		The Company has established an evaluation system for clients and manufacturers, evaluated the actual situation every year, and stipulated terms for behavioral honesty in purchase orders.	No significant difference
	V		The Company chairman’s office is set as the full-time corporate integrity management promotion unit. Its goal is to report on the previous year’s corporate integrity management implementation status at the first board of directors meeting every year.	No significant difference

Evaluation Items	Operation Status (Note 1)			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies
	Yes	No	Description	
least once a year) to the Board of Directors on its ethical management policies and programs to prevent dishonest practices and monitor their implementation?				
(III) Has the Company formulated a policy to prevent conflicts of interest, provide appropriate presentation channels, and implement them accordingly?	V		The Company's employees shall neither take advantage of their positions to benefit themselves or others nor accept kickbacks or other illegal benefits due to their duties or violations of their duties. If a member has any conflict of interest with a board of directors proposal, the member shall be recused from discussion and voting.	No significant difference
(IV) Has the Company established effective accounting and internal control systems to properly implement ethical corporate management? Has the internal audit unit designed relevant audit plans based on the assessment results of integrity risks for preventing unethical practices and compliance with related rules and regulations or commissioned certified public accountants to conduct audits on unethical practices?	V		The Company's accounting and internal control systems are formulated according to the competent authority's relevant regulations and the Company's actual status. All departments practically promote the Company's business operations according to relevant regulations. The Accounting Department shall conduct audits according to the relevant regulations, and the Audit Unit shall regularly conduct audits and report to the board of directors.	No significant difference
(V) Has the Company provided internal and external training on business integrity?	V		The Company has formulated the "Code of Ethical Conduct," "Code of Integrity Management" (please refer to the Company's website: <a href="http://www.yeouyih.com.tw/Investor%20Services/E-file%20Area%20of%20Articles%20of%20Incorporation">http://www.yeouyih.com.tw/Investor Services/E-file Area of Articles of Incorporation</a> ), created reporting channels,	No significant difference

Evaluation Items	Operation Status (Note 1)			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies
	Yes	No	Description	
			established punishment and complaint systems for integrity management regulation violations, and publicize them to all colleagues for implementation. The Company has prepared a “Declaration of Corporate Integrity and Ethics,” which is placed on the Company’s website, and requires employees to sign it after reviewing and confirming it when they arrive at work. All employees of the Company have signed the declaration, which has been retained for recordkeeping.	
III. The reporting system of the Company in practice				
(I) Has the Company established a substantive reporting and reward and punishment system and convenient channels for reporting and appointed designated personnel for handling the targets of reports?	V		The Company has established a whistleblowing system and complaint channels. Anyone can submit a letter during a departmental meeting or to a suggestion box. The Personnel Department will accept the case and report it to the relevant level for handling, depending on the whistleblowing matter. The Company shall keep the whistleblower’s identity and the report’s content strictly confidential.	No significant difference
(II) Has the Company established standard operating procedures for responding to reports and complaints, the measures to be taken after the investigation, and related mechanisms for confidentiality?	V		The Company shall keep the whistleblower’s identity and the whistleblower’s content confidential.	No significant difference
(III) Has the Company taken any measures to protect the informants from undue treatment?	V		The <i>Regulations on Employee Feedback and Grievance Management</i> stipulate that all information related to the handling of whistleblowing cases will be kept confidential, and that the Company is committed to protecting whistleblowers from being	No significant difference

Evaluation Items	Operation Status (Note 1)			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies
	Yes	No	Description	
			improperly treated as a result of their reports.	
IV. Enhancement of information disclosure Has the Company disclosed its integrity management code's contents and implementation results on its website or the Market Observation Post System?	V		The Company has disclosed the "Code of Ethical Conduct" and the "Code of Integrity Business" on its website (please refer to the Company's website: <a href="http://www.yeouyih.com.tw/Investor%20Services/E-file%20Area%20of%20Articles%20of%20Incorporation">http://www.yeouyih.com.tw/Investor Services/E-file Area of Articles of Incorporation</a> ). The Company has prepared a "Declaration of Corporate Integrity and Ethics," which is placed on the Company's website, and requires employees to sign it after reviewing and confirming it when they arrive at work. All employees of the Company have signed the declaration, which has been retained for recordkeeping.	No significant difference
V. If the Company has its code of integrity management pursuant to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please describe the difference between its operation and the Principles: The Company has formulated the "Code of Integrity Management" according to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM- Listed Companies" promulgated by the competent authority on 2010.9.3 (please refer to the Company's website: <a href="http://www.yeouyih.com.tw/Investor%20Services/E-file%20Area%20of%20Articles%20of%20Incorporation">http://www.yeouyih.com.tw/Investor Services/E-file Area of Articles of Incorporation</a> ) as the basis of integrity management for all colleagues, manufacturers, and clients.				
VI. Additional important information that may assist in understanding corporate business integrity operations: (i.e., the Company has reviewed and amended the "Code of Ethical Operation") None. The Company's "Code of Integrity Management" was approved by the board of directors on February 21, 2011, and revised by the board of directors on March 17, 2015.				

Note 1: Regardless of whether the operation status is checked "Yes" or "No," it should be clarified in the summary description column.

(VII) If the Company has instituted the Ethical Corporate Management Best Practice Principles and related rules and regulations, disclose the means for inquiry:

The Company's board of directors has resolved to amend the "Corporate Governance Principles" on February 21, 2011 (please refer to the company's website: [http://www.yeouyih.com.tw/Investor Services/E-file Area for Articles of Incorporation](http://www.yeouyih.com.tw/Investor%20Services/E-file%20Area%20for%20Articles%20of%20Incorporation)).

(VIII) Other important information that can enhance the understanding of the corporate governance operation status:

1. Managers' (general manager, deputy general manager, accountant, finance, internal audit supervisor, etc.) corporate governance education and training participation status:

Title	Name	Training date	Organizer	Course title	Training hours
General Manager	Jui-Hsin Chang	N/A			
Deputy General Manager	Chien-Liang Liu	N/A			
Assistant Deputy General Manager of the Production Department	Chien-Hsing Lee	N/A			
Assistant Deputy General Manager of the Finance Department	Chung-Chih Chen	2022/09/20 2022/09/21	Research Foundation	Continuing Education Program for Accounting Officers	12
Assistant Deputy General Manager of the Chairperson's Office and Chief Corporate Governance Officer	Li-Wen Chen	2022/08/25	Taipei Exchange	Insider Shareholdings Awareness Session	3
		2022/10/21	SYSTEX	Net Zero Carbon Reduction ESG Transition for Manufacturing Enterprises	3
Audit assistant manager	Chi-Lan Chou	2022/07/08	Research Foundation	Internal Auditors' Professional Workshop on Information Security Audit and Control Practices	6
		2022/08/08	Research Foundation	Professional Workshop on Audit Committee Operations and Compliance Audit Practices	6

Note: On January 13, 2023, the Board of Directors approved the appointment of Assistant Vice President Li-Wen Chen as the Chief Corporate Governance Officer.



2. Have internal procedures for material information processing been formulated?: On April 30, 2009, the Company's board of directors approved the formulation and implementation of the "Internal Material Information Processing Procedures."
3. The status regarding obtaining the relevant licenses specified by the competent authority for the Company's financial information transparency-related personnel is as follows:
  - (1) International Internal Auditor Certificate: 1 person in the Management Department.
  - (2) R.O.C. Internal Auditor Certificate: 1 person from the Management Department and 1 person from the Finance Department.
  - (3) Bank Internal Control Basic Test Certificate: 1 person from the audit office.
  - (4) Trust Business Professional Exam Qualification Certificate: 1 person from the audit office.
4. The Company's key performance indicators:

(1) Finance indicator

Significance: Corporate financial structure, solvency optimization, and bank financing contract restrictions control.

Ratio	Formula	Target KPI	2021	2022
1. Debt ratio	Total liabilities/assets	<50%	35.40%	19.52%
2. Current ratio	Current assets/current liabilities	>150%	243.01%	421.10%
3. Interest coverage ratio	Net profit before income tax and interest expense/interest expense in the current period	>10	126.76	147.69

(2) Performance indicators

Significance: personnel and cost control as well as profit creation.

Ratio	Formula	Target KPI	2021	2022
1. Productivity benefit index	Revenue/number of employees at the end of the year (NT\$10,000)	>4,000	3,085	3,967
2. Transportation cost performance index	Revenue/transportation cost (NT\$)	>500	405	518
3. Packaging cost performance index	Revenue/packaging cost (NT\$)	>500	399	699
4. Bank cost performance index	Revenue/bank cost (NT\$)	>1,000	1,254	1,540
5. Interest cost performance index	Revenue/interest cost (NT\$)	>1,000	1,859	1,934

(IX) The internal control system implementation status shall disclose the following matters:

1. Internal Control Declaration

Yeou Yih Steel Co., Ltd.  
Internal Control System Declaration

Date: March 17, 2023

The Company has conducted a self-assessment of its internal control system in 2022 and declares the following:

- I. The Company acknowledges and understands that establishing, enforcing, and preserving the internal control system is the responsibility of the board and the managers and that the Company has already established such a system. Its purpose is to reasonably ensure the effect and efficiency of operations (including profitability, performance, and security of assets), reliability, timeliness, transparency, and compliance with relevant legal rules.
- II. The internal control system has its inherent limitations. Regardless of how well the design is perfected, an effective internal control system can only provide reasonable assurance in achieving the three objectives mentioned above. Moreover, environmental and condition changes may impact the effectiveness of the internal control system. However, the Company's internal control system has a self-monitoring mechanism. Once the defect is identified, the Company will take corrective actions.
- III. The company judges the effectiveness of the internal control system's design and enforcement according to the "Criteria for the Establishment of Internal Control System of Public Offering Companies" (hereafter referred to as "the Criteria"). The "Criteria" items used for judging the internal control system are composed of five elements according to the management control procedure: 1. control environment; 2. risk evaluation; 3. control operation; 4. information and communication; 5. monitoring. Each of the elements, in turn, contains certain audit items. Please refer to "the Criteria" for more information on the items.
- IV. The company has adopted the aforementioned internal control system to evaluate the effectiveness of the design and implementation of the internal control system.
- V. Based on the findings of the aforementioned evaluation, the Company believes that it has reasonably guaranteed the achievement of the preceding goals within the aforementioned period of internal control (Note 2) (including the monitoring of the subsidiaries) as of December 31, 2022, including the effectiveness and efficiency of operations, reliability, timeliness, and transparency of financial reporting and compliance with relevant legal rules, and that the design and implementation of the internal control system are effective.
- VI. This declaration statement shall form an integral part of the annual report and prospectus on the Company and shall be made public. Suppose any fraud, concealment and unlawful practice is discovered in the contents of the preceding information. In that case, the Company shall be liable for legal consequences under Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchanges Act.
- VII. The board approved this declaration statement on March 17, 2023. Among the 9 directors present, 0 objected, and the rest agreed with the content of this statement and it is hereby declared.

Yeou Yih Steel Co., Ltd.

Chairperson: Hsien-Tong Liu

General Manager: Jui-Hsin Chang

Note 1: If significant deficiencies exist in the design and implementation of the public offering company's internal control system during the fiscal year, an explanatory paragraph must be added after paragraph 4 of the internal control system statement. It must list and explain the major deficiencies in the self-assessment, the improvement actions taken by the Company, and the outcome before the balance sheet date.

Note 2: The date of the declaration is the "end day of the fiscal year."

2. If a CPA is entrusted with reviewing the internal control system, the CPA's review report must be disclosed: N/A.

(X) In the most recent year and as of the publication date of the annual report, the Company and its internal personnel have been punished according to the law. The Company has imposed penalties on its internal personnel for violations of the internal control system or major deficiencies and improvements: None.

(XI) Important Resolution of the Board of Directors as of the Publication Date of the Annual Report:

1. Shareholders meeting resolutions:

Date	Important board of directors resolutions	Implementation Status
2022/07/21	<p>1. Report items:</p> <p>1-1. 2021 Business Report.</p> <p>1-2. 2021 Report on the Review of the Financial Statement from the Audit Committee</p> <p>1-3. 2021 Report on the Distribution of Remuneration for Employees and Directors</p> <p>2. Ratification Matters</p> <p>2-1. Motion to Ratify the Company's 2021 Business Report and Financial Statement.</p> <p>2-2. Motion to Ratify the Company's 2021 Earnings Distribution Proposal.</p> <p>3. Discussion Matters</p> <p>3-1. "Articles of Incorporation" Amendment Discussion Proposal.</p>	<p>Proposal to Adopt the 2021 Financial Statements. The distribution of NT\$1.1 per share in dividends was completed on July 19, 2022.</p> <p>Handled according to the amended procedures.</p>

2. Important board of directors resolution items:

Date	Board of Directors Important Resolutions	Implementation Status
2022/01/18	<p>1. Minutes of previous meetings and implementation status reports.</p> <p>2. Internal audit operations and 2021 annual internal audit work report.</p> <p>3. Reporting on important financial business.</p> <p>4. 2021 report on corporate integrity management implementation.</p> <p>5. Other Significant Matters Reported- Communication Report between CPAs and Governance Units.</p> <p>6. 2021 year-end bonus payment evaluation resolution discussion proposal.</p>	<p>In 2021, there were no reports of integrity management violations.</p> <p>Executed according to the resolution contents, and</p>

		the issuance was completed on January 20, 2022.
2022/03/11	<ol style="list-style-type: none"> <li>1. Minutes of previous meetings and implementation status reports.</li> <li>2. Internal audit activity report</li> <li>3. Important financial business reports and 2021 business reports.</li> <li>4. Report on the performance evaluation results of the board of directors.</li> <li>5. Other Significant Matters Reported — Communication Report between CPAs and Governance Units.</li> <li>6. The Company's 2021 employee and director remuneration distributions discussion proposal.</li> <li>7. The Company's 2021 annual financial statements discussion proposal.</li> <li>8. The Company's 2021 annual profit distribution discussion proposal.</li> <li>9. The Company's 2021 annual "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" discussion proposal.</li> <li>10. The Company's 2022 budget discussion proposal.</li> <li>11. "Articles of Incorporation" amendment proposal.</li> </ol>	<p>Execute according to the resolution contents, and submit it to the 2022 general shareholders meeting.</p> <p>An audit report is prepared after review by the Audit Committee.</p> <p>Various announcements and declarations are handled according to the regulations and submitted to the 2022 ordinary shareholders meeting.</p> <p>Execute according to the resolution contents, handle the various announcements and declarations according to the regulations, and submit to the 2022 ordinary shareholders meeting for approval.</p> <p>Report according to the resolution contents.</p> <p>Execute according to the resolution contents.</p> <p>Execute according to the resolution contents, and submit it to the 2022 general shareholders</p>

	<p>12. “Procedures for Acquisition or Disposal of Asset Handling” amendment proposal.</p> <p>13. Amendment proposal for matters related to convening the 2022 ordinary shareholders meeting.</p> <p>14. Accepted the 2022 shareholder proposal related-matter discussion proposal.</p>	<p>meeting. Execute according to the resolution contents, and submit it to the 2022 general shareholders meeting.</p> <p>Implement according to the resolution contents, and set June 6, 2022, as the meeting date.</p> <p>Execute according to the resolution results, and the proposal and nomination period is from March 28, 2022, to April 7, 2022.</p>
2022/05/06	<p>1. Minutes of previous meetings and implementation status reports.</p> <p>2. Internal audit operations.</p> <p>3. Reporting on important financial business.</p> <p>4. 2022 Directors and Managers’ Liability Insurance Report.</p> <p>5. In the 2022 ordinary shareholders meeting, there were no proposals from shareholders holding over 1% of the shares.</p> <p>6. The Company’s 2022 1st quarter consolidated financial statement review discussion proposal.</p> <p>7. CPA change discussion proposal.</p> <p>8. Company greenhouse gas inventory and verification schedule plan formulation discussion proposal.</p>	<p>The insurance period is from March 28, 2022, to March 28, 2023, the coverage area is the whole world (excluding the United States and Canada), and the insurance amount is US\$1 million.</p> <p>No proposals from shareholders holding over 1% of the shares.</p> <p>Filings and announcements are completed according to relevant rules and regulations.</p> <p>Execute according to the resolution contents.</p> <p>Execute according to the resolution contents.</p>
2022/08/10	<p>1. Minutes of previous meetings and implementation status reports.</p> <p>2. Internal audit activity report</p> <p>3. Reporting on important financial business.</p> <p>4. Company greenhouse gas inventory and verification schedule plan formulation and</p>	

	<p>implementation status discussion.</p> <p>5. The Company's 2022 second-quarter consolidated financial statement review discussion proposal.</p> <p>6. The Company's 2022 CPA public fee review and discussion proposal.</p> <p>7. The Company's 2022 annual bank loan approval discussion proposal.</p>	<p>Filings and announcements are completed according to relevant rules and regulations.</p> <p>Execute according to the resolution contents.</p> <p>Execute according to the resolution contents.</p>
2022/11/10	<p>1. Minutes of previous meetings and implementation status reports.</p> <p>2. Internal audit activity report</p> <p>3. Reporting on important financial business.</p> <p>4. Company greenhouse gas inventory and verification schedule plan formulation and implementation status discussion.</p> <p>5. Discussion on the Company's consolidated financial statement report for the 3rd quarter of 2022.</p> <p>6. The Company's 2022 CPA evaluation and review discussion proposal.</p> <p>7. Discussion on amendments to the Company's internal procedures for handling material information.</p> <p>8. The Company's 2023 internal audit plan discussion proposal.</p> <p>9. The Company's 2023 annual bank loan approval discussion proposal.</p>	<p>Filings and announcements are completed according to relevant rules and regulations.</p> <p>The eligibility and independence were reviewed and approved.</p> <p>Execute according to the resolution contents.</p> <p>Execute according to the resolution contents.</p> <p>Execute according to the resolution contents.</p>
2023/01/13	<p>1. Minutes of previous meetings and implementation status reports.</p> <p>2. Internal audit operations and 2022 annual internal audit work report.</p> <p>3. Reporting on important financial business.</p> <p>4. 2022 report on corporate integrity management implementation.</p> <p>5. 2022 report on risk management operations.</p> <p>6. Other significant matters — communication report between attesting</p>	<p>The Company conducted employee and director orientation programs during the year, and there were no breaches of integrity during the year.</p> <p>There were no significant risks.</p>

	<p>CPAs and governance units.</p> <p>7. 2022 year-end bonus payment evaluation resolution discussion proposal.</p> <p>8. Discussion on the appointment of the head of corporate governance of the Company.</p>	<p>The resolution was implemented and distributed on January 16, 2023.</p> <p>Appointed Assistant Deputy General Manager Li-Wen Chen as the Chief Corporate Governance Officer.</p>
2023/03/17	<p>1. Minutes of previous meetings and implementation status reports.</p> <p>2. Internal audit activity report</p> <p>3. Important financial business reports and 2022 business reports.</p> <p>4. Report on the performance evaluation results of the Board of Directors and functional committees for 2022.</p> <p>5. Company greenhouse gas inventory and verification schedule plan formulation and implementation status discussion.</p> <p>6. Other significant matters — communication report between attesting CPAs and governance units.</p> <p>7. The Company's 2022 employee and director remuneration distributions discussion proposal.</p> <p>8. The Company's 2022 annual financial statements discussion proposal.</p> <p>9. Discussion of the distribution of the Company's 2022 earnings.</p> <p>10. The Company's 2022 annual "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" discussion proposal.</p> <p>11. The Company's 2023 budget discussion proposal.</p> <p>12. Senior consultant and manager compensation discussion.</p> <p>13. "Regulations Governing Procedure for Board of Directors Meetings" amendment</p>	<p>Execute according to the resolution contents and submit it to the 2023 general shareholders' meeting.</p> <p>Filings and announcements are completed according to relevant rules and regulations.</p> <p>Execute according to the resolution contents.</p> <p>Execute according to the resolution contents.</p> <p>Report according to the resolution contents.</p> <p>Execute according to the resolution contents.</p> <p>Execute according to the resolution contents.</p> <p>Execute according to the resolution contents.</p>

	discussion proposal. 14. “Rules of Procedure for Shareholders’ Meetings” amendment discussion proposal.	Execute according to the resolution contents and submit it to the 2023 general shareholders’ meeting.
	15.”Code of Corporate Governance Practices” amendment discussion proposal.	Execute according to the resolution contents.
	16. “Code of Practice for Risk Management” formulation discussion proposal.	Execute according to the resolution contents.
	17. “Code of Practice for Sustainable Development” formulation discussion proposal.	Execute according to the resolution contents.
	18. Amendment proposal for matters related to convening the 2023 general shareholders meeting.	Execute according to the resolution contents and set June 13, 2023 as the meeting date.
	19. Acceptance of discussion matters related to the 2023 annual general shareholders’ meeting.	Execute according to the resolution results and the proposal and nomination period is from April 7 to April 17, 2023.

3. Remuneration Committee resolutions:

Date	Important Resolutions of the Remuneration Committee	Implementation Status
2022/01/18	1. Minutes of previous meetings and implementation status reports. 2. 2021 year-end bonus payment evaluation recommendation discussion proposal.	Resolved and submitted to the board of directors for discussion.
2022/03/11	1. Minutes of previous meetings and implementation status reports. 2. The Company’s 2021 employee and director remuneration distributions discussion proposal.	Resolved and submitted to the board of directors for discussion.

(XII) In the most recent year and as of the printing date of the annual report, did the directors or supervisors have different opinions on important resolutions passed by the board of directors with or without written statements? If so, what are the main contents?: None.

(XIII) A summary of resignation and dismissal for the Company’s chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance supervisor, and R&D supervisor in the most recent year and as of the printing date of the



annual report: See table below

Summary of resignation and dismissal of relevant personnel of the Company

April 15, 2023

Title	Name	Date hired	Date dismissed	Reason for resignation or dismissal
Chairperson	Hsien-Tong Liu	2015/06/11	Not applicable	Not applicable
General Manager	Jui-Hsin Chang	2020/03/09	Not applicable	Not applicable
Financial supervisor	Chung-Chih Chen	2002/06/24	Not applicable	Not applicable
Audit Supervisor	Chi-Lan Chou	2005/02/14	Not applicable	Not applicable
Corporate Governance Officer	Li-Wen Chen	2023/01/13	Not applicable	Not applicable
R&D Director	N/A			

Note 1: The so-called relevant persons of the company refer to the chairman of the board of directors, the general manager, the accounting director, the financial director, the internal audit director, the corporate governance director, the research and development director, etc.

## V. CPA Public Expense Information

(I) The amount of public audit fees and non-audit public fees paid to the CPAs, their affiliated firms and affiliated companies, and the non-audit service contents. Any of the following circumstances must be disclosed:

1. CPA firm replacement whereby the audit fee of the year was reduced compared to the audit fee of the previous year, whereby the audit amount before and after replacement and the cause of replacement must be disclosed.
2. If the audit certification expense has decreased by over 10% compared to that of the previous year; the amount, proportion, and reasons for the audit certification expense reduction must be disclosed:

### CPA Public Expense Information

Unit: NTD thousand

Name of CPA Firm	CPA name:	CPA Audit Period	Audit fees	Non-audit fees	Total	Remarks
Crowe Horwath (TW) CPAs	Ching-Lin Lee	2022/01/01-2022/03/31	1,300	315	1,615	
	Ling-Wen Huang	2022/01/01-2022/12/31				
	Kuo-Ming Lee	2022/04/01-2022/12/31				

Note 1: Specify the non-audit services: non-audit fees are tax compliance audit fees, business registration fees, and payroll information checklist for full-time employees in supervisory positions.

Note 2: If the Company changes its CPA or accounting firm during the year, it should show the audit period and state the reasons for the change in the notes, and disclose the information of audit and non-audit fees paid in order. Notes describing the content of services for non-audit public fees must be provided.

VI. Information Related to CPA Change: None.

(I) Regarding former CPA

Change date	N/A		
Describe the reason for the replacement	Not applicable		
Explain why the appointee or CPA is terminated or refuses to accept the appointment		Certified Public Accountant (CPA)	Appointers
	Voluntary termination of appointment		
	No longer accept (continue) appointment		
Review report opinions other than the unqualified opinions issued within the latest 2 years and why they exist:	Not applicable		
Is there any disagreement with the issuer?	Yes		Accounting principles or practices
			Disclosure of financial reports
			Scope or steps of inspection
			Others
	N/A		
	Description		
Other disclosure matters (Items must be disclosed according to Points I-IV to I-VII, Subparagraph VI, Article X of this provision).			

Note: Other disclosures are as follows (Items 4 through 7 of Item 1, Paragraph 6, Article 10 of the Guidelines Governing the Preparation of Annual Reports should be disclosed):

4. Whether the former CPA has informed the Company that the lack of a sound system of internal control makes its financial statements unreliable: not applicable.
5. Whether the former CPA who has notified the Company that he or she cannot rely on the Company's statements or does not wish to be associated with the Company's financial statements: not applicable.
6. Whether a former CPA has informed the Company that an expanded scope of the audit is required, or information indicates that an expanded scope of audit might impair the credibility of previously issued or to be issued financial statements, but the former CPA has not expanded the scope of audit due to a change in attesting CPA or other reasons: not applicable.
7. Whether a former CPA has informed the Company that the reliability of a previously issued or to be issued financial report may be impaired based on information collected, but the former CPA has not addressed the issue due to a change in accountants or other reasons: not applicable.

(II) Regarding successor CPA

CPA firm name	Not applicable
CPA name:	Not applicable
Date of appointment	Not applicable
Pre-appointment consultation on the accounting treatment or accounting principles for specific transactions and on the possible issuance of financial reports and the results of such consultation	Not applicable
Written opinion by the successor CPA on the dissenting opinion of the former CPA	Not applicable

(III) The former CPA's response letter according to Items 1 & 2-3 of Paragraph 6, Article 10 of this provision (as follows): N/A.

1. Item 1, Paragraph 6; Article 10:

- (1) The date and reason for CPA change. Explain whether the CPA voluntarily terminated the appointment or no longer accepted the appointment, or the issuer voluntarily terminated or no longer continued the appointment.
- (2) If the previous CPA has issued an audit report other than an unqualified opinion within the last two years, state the opinion and reason.
- (3) Is there any disagreement between the Company and the former CPA on accounting principles or practices, financial report disclosure, inspection scope, or steps? If there are disagreements, the nature of each disagreement, the Company's handling method (including whether the former CPA is authorized to fully answer the successor CPA's inquiries about the preceding disagreements), and the final handling result must be explained in detail.
- (4) Has a former CPA informed the Company that it lacked a sound internal control system, making its financial reports unreliable?
- (5) Has a former CPA informed the Company that the CPA cannot rely on the Company's statement or is unwilling to have any relationship with the Company's financial report?
- (6) Has a former CPA notified the Company that the scope of the audit must be expanded, or the information shows that the expansion of the scope of the audit may damage the credibility of the financial report issued or to be issued, but the former CPA did not expand the audit due to the change of CPA or other reasons?
- (7) Has a former CPA notified the Company that the credibility of the financial report issued or to be issued might be damaged based on the collected information, but due to the change of CPA or other reasons, the former CPA did not deal with the matter?

2. Item 2-3 of Article 10: The Company shall consult and obtain the written opinions of the successor CPA on matters on which it disagrees with the predecessor CPA and disclose them.

VII. If there has been any company chairman, general manager, or managerial officer in charge of finance or accounting matters who was previously employed by the CPA's firm or its affiliates within the last year; the name, title, and employment period in the CPA firm or its affiliates that must be disclosed: N/A.

VIII. Equity transfer and equity pledge modification status of directors, supervisors, managers and shareholders holding over 10% of the shares for the last years until the printing date of this annual report:

(I) Director, Supervisor, Manager, and Major Shareholder Changes

Title	Name	2022		As of January 1 to April 15, 2023	
		Increase (decrease) for the number of shares held	Increase (decrease) for the number of shares pledged	Increase (decrease) for the number of shares held	Increase (decrease) for the number of shares pledged
Chairperson	Hong Yu Industrial Co., Ltd.	0	0	0	0
Representative of the chairman	Hong Yu Industrial Co., Ltd. Representative: Hsien-Tong Liu	0	0	0	0
Director	Yusheng Investment & Development Co., Ltd.	0	0	0	0
Representative of the director	Yusheng Investment & Development Co., Ltd. Representative: Ching-Tsung Huang	0	0	0	0
Director	Hsien-Jung Liu	0	0	(130,000)	0
Director	Hung-Sheng Liu	0	0	0	0
Director	Han-Chun Hsiao	0	0	0	0
Director	Chien-Hua Huang	31,000	0	10,000	0
Independent director	Chih-Hsueh Lin	0	0	0	0
Independent director	Mei-Yao Chang	0	0	0	0
General Manager	Jui-Hsin Chang	0	0	0	0
Deputy General Manager	Chien-Liang Liu	(18,000)	0	0	0
Assistant Deputy General Manager of the Finance Department	Chung-Chih Chen	0	0	0	0
Assistant Deputy General Manager of the Chairman's Office	Li-Wen Chen	0	0	0	0
Assistant Deputy General Manager of the Business Department	Yu-I Chiu	0	0	0	0
Assistant Deputy General Manager of the Technology and Production Department	Chien-Hsing Lee	1,000	0	0	0
Manager of the Management Department	Feng-Ming Hsu	0	0	0	0
Assistant Manager of Audit Office	Chi-Lan Chou	0	0	0	0

Note 1. Shareholders holding over 10% of the Company's total shares shall be marked as major shareholders and listed separately.

Note 2: For an affiliate that is a counterparty of equity transfer or equity pledge, fill in the table below.

(II) Equity transfer information: The counterparty of the equity transfer is not a related party, so there is no information in this item.

Name (Note 1)	Reason for equity transfer (Note 2)	Transaction date	Counterparty	The relationship between the transaction counterparty and the Company, directors, supervisors, and shareholders holding over 10% of the shares	Shares	Transaction price
Hong Yu Industrial Co., Ltd.	Not applicable					
Hong Yu Industrial Co., Ltd. Representative: Hsien-Tong Liu	Not applicable					
Yusheng Investment & Development Co., Ltd.	Not applicable					
Yusheng Investment & Development Co., Ltd. Representative: Ching-Tsung Huang	Not applicable					
Hsien-Jung Liu	Not applicable					
Hung-Sheng Liu	Not applicable					
Han-Chun Hsiao	Not applicable					
Chih-Hsueh Lin	Not applicable					
Mei-Yao Chang	Not applicable					
Chien-Hua Huang	Not applicable					
Jui-Hsin Chang	Not applicable					
Chien-Liang Liu	Not applicable					
Chung-Chih Chen	Not applicable					
Li-Wen Chen	Not applicable					
Yu-I Chiu	Not applicable					
Chien-Hsing Lee	Not applicable					
Feng-Ming Hsu	Not applicable					
Chi-Lan Chou	Not applicable					

Note 1: Fill in the names of directors, supervisors, managers, and shareholders holding over 10% of the Company's shares.

Note 2: Series of acquisitions or disposals.

## (III) Equity pledge information: None.

Name (Note 1)	Reasons for pledge changes (Note 2)	Change date	Counterparty	The relationship between the transaction counterparty and the Company, directors, supervisors, and shareholders holding over 10% of the shares	Shares	Shareholding ratio	Pledge ratio	Pledge (redemption) amount
Hong Yu Industrial Co., Ltd.	Not applicable							
Hong Yu Industrial Co., Ltd. representative: Hsien-Tong Liu	Not applicable							
Yusheng Investment & Development Co., Ltd.	Not applicable							
Yusheng Investment & Development Co., Ltd. Representative: Ching-Tsung Huang	Not applicable							
Hsien-Jung Liu	Not applicable							
Hung-Sheng Liu	Not applicable							
Han-Chun Hsiao	Not applicable							
Chih-Hsueh Lin	Not applicable							
Mei-Yao Chang	Not applicable							
Chien-Hua Huang	Not applicable							
Jui-Hsin Chang	Not applicable							
Chien-Liang Liu	Not applicable							
Chung-Chih Chen	Not applicable							
Li-Wen Chen	Not applicable							
Yu-I Chiu	Not applicable							
Chien-Hsing Lee	Not applicable							
Feng-Ming Hsu	Not applicable							
Chi-Lan Chou	Not applicable							

Note 1: Fill in the names of directors, supervisors, managers, and shareholders holding over 10% of the Company's shares.

Note 2: Series of pledges or redemptions.

IX. Information shareholders holding over 10% of the shares who are related to each other or are spouses or second-degree relatives:

Information on the relationship among the top 10 shareholding ratio shareholders

Name (Note 1)	Personal Shareholding		Shares held by a spouse or underage children		Total shares held under the name of others		Title and name of shareholders holding over 10% of the shares who are related to each other or are spouses or second-degree relatives. (Note 3)		Remarks
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Name (or title)	Relation	
Yusheng Investment & Development Co., Ltd.	5,409,129	6.00%	0	0.00%	0	0.00%	N/A		
Yusheng Investment & Development Co., Ltd. Representative: I-Shou Lin	0	0.00%	0	0.00%	0	0.00%	N/A		
Hsien-Tong Liu	4,000,000	4.43%	0	0.00%	0	0.00%	Hsien-Jung Liu Hsin-Ying Lin Chun-Nan Chen	Brother Spouse Son-in-law	Note 4
Sym Wang Iron Steel Co., Ltd.	3,300,000	3.66%	0	0.00%	0	0.00%	N/A		Note 4
Sym Wang Iron Steel Co., Ltd. Representative: Hsin-Ying Lin	0	0.00%	4,000,000	4.43%	0	0.00%	Hsien-Tong Liu Chun-Nan Chen	Spouse Son-in-law	Note 4
Chien-Cheng Huang	2,586,000	2.87%	0	0.00%	0	0.00%	N/A		
Sumi Steel Co., Ltd.	2,200,000	2.44%	0	0.00%	0	0.00%	N/A		
Sumi Steel Co., Ltd. Representative: Chun-Nan Chen	792,000	0.87%	0	0.00%	0	0.00%	Hsien-Tong Liu Hsin-Ying Lin	Son-in-law Son-in-law	Note 4
Chien-Hua Huang	2,142,000	2.37%	0	0.00%	0	0.00%	N/A		
Shou-Qian Wang	1,882,500	2.09%	0	0.00%	0	0.00%	N/A		
Hsien-Jung Liu	1,871,978	2.08%	40,000	0.04%	0	0.00%	Hsien-Tong Liu	Brother	Note 4
Yueh-Mei Su	1,795,034	1.99%	260,000	0.04%	0	0.00%	N/A		
Trustee: HSBC Bank (Taiwan) Limited	1,728,000	1.92%	0	0.00%	0	0.00%	N/A		

Note 1: All the top 10 shareholders must be listed. For a juridical person shareholder, list the name of the person shareholder and the representative separately.

Note 2: The calculation of the shareholding ratio refers to the calculation of the shareholding ratio in the name of oneself, spouse, minor children, or in the name of others.

Note 3: The shareholders listed above include juridical persons and natural persons. The relationship between them shall be disclosed according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Note 4: Chun-Nan Chen is the chairman of Sumi Steel Co., Ltd., and he is the son-in-law of Hsien-Tong Liu. Hsin-Ying Lin is the chairman of Sym Wang Iron Steel Co., Ltd., and she is the spouse of Hsien-Tong Liu. Hsien-Tong Liu and Hsien-Jung Liu are brothers.

X. Combine the number of shares held for the same reinvestment enterprise by an enterprise directly or indirectly controlled by the Company and its directors, supervisors and managers; and calculate the comprehensive shareholding ratio:

Comprehensive Shareholding Ratio

Unit: Share; %

Investee business (Note)	Investment by the Company		Investment by the directors, supervisors, and managers of an enterprise they directly or indirectly controlled		Combined investment	
	Shares	Percentage of shareholding	Shares	Percentage of shareholding	Shares	Percentage of shareholding
Yeou Yih International Co., Ltd.	2,000,000	100%	0	0%	2,000,000	100%

Note: This is an investment made by the Company using the equity method.



## Four. Fundraising Status

### I. Capital and Shares

#### (I) Source of Equity

Unit: Share; NTD

Year Month	Issuing price (NTD)	Approved share capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Equity	Those who use assets other than cash to offset the share price	Other s
1996/01	10	8,008,000	80,080,000	8,008,000	80,080,000	Cash capital increase (Note 6) NT\$80,080,000	N/A	N/A
1998/02	10	19,980,000	199,800,000	19,980,000	199,800,000	N/A	Debt-to-capital increase (Note 7) NT\$119,720,000	N/A
2000/01	10	31,200,000	312,000,000	31,200,000	312,000,000	Cash capital increase (Note 8) NT\$112,200,000	N/A	N/A
2000/09	10	34,320,000	343,200,000	34,320,000	343,200,000	Capitalization of earnings (Note 9) NT\$31,200,000	N/A	N/A
2004/09	10	39,468,000	394,680,000	39,468,000	394,680,000	Capitalization of earnings (Note 10) NT\$51,480,000	N/A	N/A
2005/12	10	60,000,000	600,000,000	50,124,360	501,243,600	Capitalization of earnings (Note 11) NT\$106,563,600	N/A	N/A
2006/07	10	60,000,000	600,000,000	56,400,000	564,000,000	Cash capital increase (Note 12) NT\$62,756,400	N/A	N/A
2007/09	10	100,000,000	10,000,000,000	73,320,000	733,200,000	Cash capital increase (Note 13) NT\$169,200,000	N/A	N/A
2010/09	10	100,000,000	10,000,000,000	78,452,400	784,524,000	Capitalization of earnings (Note 14) NT\$51,324,000	N/A	N/A
2011/08	10	100,000,000	10,000,000,000	90,220,260	902,202,600	Capitalization of earnings (Note 15) NT\$117,678,600	N/A	N/A
2020/07	10	120,000,000	12,000,000,000	90,220,260	902,202,600	Share capital before change	N/A	N/A

Note 1: The annual data shall be updated as of the publication date of this annual report.

Note 2: The effective (approval) date together with the doc. No. shall be added for any capital increase.

Note 3: Those that issue the stock below the par value shall indicate so in a clear manner.

Note 4: If currency creditor's rights, technology, or goodwill are used to offset stock funds, the type and amount of offset must be specified.

Note 5: Those that have private placement shall indicate so in a clear manner.

Note 6: The Company's establishment registration approval date is January 29, 1996, and the number for the approval document letter is (1996) JSDZ No. 116166 issued by the Central Region Office, Ministry of Economic Affairs.

Note 7: The effective (approval) date and the letter document number for this capital increase are MOEAJ(1998)SZ No. 101384 dated February 3, 1998.

Note 8: The effective (approval) date and the letter document number for this capital increase are letter SFI(1999)TCZ(I) No. 89015 dated October 16, 1999.

Note 9: The effective (approval) date and the letter document number for this capital increase are letter SFI(2000)TCZ(I) No. 59774 dated July 11, 2000.

Note 10: The effective (approval) date and the letter document number for this capital increase are FSCSFIEZ No. 0930131208 dated July 14, 2004.

Note 11: The effective (approval) date and the letter document number for this capital increase are FSCSFIEZ No.

0940152004 dated November 11, 2005.

Note 12: The effective (approval) date and the letter document number for this capital increase are FSCSFIEZ No. 0950122486 dated June 5, 2006.

Note 13: The effective (approval) date and the letter document number for this capital increase are letter FSCSFIEZ TCZ(I) No. 0960029471 dated June 22, 2007.

Note 14: The effective (approval) date and the letter document number for this capital increase are FSCSFIFZ No. 0990035922 dated July 12, 2010.

Note 15: The effective (approval) date and the letter document number for this capital increase are FSCSFIFZ No. 1000028582 dated June 22, 2011.

Note 16: The effective (approval) date and the letter document number for this amendment to Articles of Incorporation are Jin-Shou-Shang-Zi No. 10901110210 dated July 2, 2020.

April 15, 2023

Type of share	Approved share capital			Remarks
	Outstanding share	Unissued share	Total	
Common share	90,220,260	29,779,740	120,000,000	N/A

Note: Our Company's shares are listed on the GTSM.

#### Information about the blanket declaration system

Types of marketable securities	Scheduled issue amount		Issued amount		Purpose and expected benefits of issued portion	Unissued portion scheduled for issuance	Remarks
	Total number of shares	Approved amount	Shares	Price			
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: N/A

## (II) Shareholder structure

April 15, 2023

Quantity/shareholders structure	Government agencies	Financial institutes	Other juridical persons	Individual	Foreign institutes and foreigners	Total
Number of people	0	0	152	16,052	16	16,220
Shares held	0	0	17,148,659	66,729,502	6,342,099	90,220,260
Percentage of shareholding	0.00%	0.00%	19.01%	73.96%	7.03%	100.00%

Note: Primary TWSE (GTSM) and Emerging Stock Market listed companies shall disclose their shareholding ratio by mainland China capital. Mainland China capital refers to the people, juridical persons, groups, other institutions, or their invested companies in a third region as provided by Article 3 of the Measures Governing Investment Permit to the People of Mainland Area.

## (III) Status of Share Dispersion

Par value per share NT\$10

April 15, 2023

Shareholding grading				Number of shareholders	Shares held	Shareholding ratio (%)
1	to	999	Share	9,232	218,347	0.24%
1,000	to	5,000	Share	5,299	11,164,565	12.38%
5,001	to	10,000	Share	877	7,300,495	8.09%
10,001	to	15,000	Share	265	3,406,960	3.78%
15,001	to	20,000	Share	163	3,079,190	3.41%
20,001	to	30,000	Share	131	3,403,364	3.77%
30,001	to	40,000	Share	47	1,708,049	1.89%
40,001	to	50,000	Share	48	2,275,955	2.52%
50,001	to	100,000	Share	74	5,219,148	5.79%
100,001	to	200,000	Share	41	5,977,982	6.63%
200,001	to	400,000	Share	13	3,925,936	4.35%
400,001	to	600,000	Share	7	3,311,124	3.67%
600,001	to	800,000	Share	7	4,727,504	5.24%
800,001	to	1,000,000	Share	1	820,000	0.91%
Over 1,000,001 shares				15	33,681,641	37.33%
Total				16,220	90,220,260	100.00%

## Preferred share

Par value per share NT\$

April 15, 2023

Shareholding grading	Number of shareholders	Shares held	Percentage of shareholding
Grading according to the actual status	0	0	0%
Total	0	0	0%

Notes: Special shares: The Company has not issued special shares.

## (IV) Name list for the main shareholders

Shareholders with a shareholding ratio of 5% or more of the top 10 shareholders

April 15, 2023

Name of major shareholders\shares	Shares held	Percentage of shareholding
Yusheng Investment & Development Co., Ltd. Company	5,409,129	6.00%
Hsien-Tong Liu	4,000,000	4.43%
Sym Wang Iron Steel Co., Ltd.	3,300,000	3.66%
Chien-Cheng Huang	2,586,000	2.87%
Sumi Steel Co., Ltd.	2,200,000	2.44%
Chien-Hua Huang	2,142,000	2.37%
Shou-Qian Wang	1,882,500	2.09%
Hsien-Jung Liu	1,871,978	2.08%
Yueh-Mei Su	1,795,034	1.99%
Trustee: HSBC Bank (Taiwan) Limited	1,728,000	1.92%

(V) The price, net value, earnings, dividends, and other information per each share for the last two years:

Item\Year		2021	2022	Q1 2023
Price per share (Note 1)	Highest	26.00	23.60	22.60
	Lowest	8.98	11.75	17.00
	Average	14.76	16.43	20.31
Net value per share (Note 2)	Before distribution	12.04	13.33	12.03
	After distribution	10.94	11.53	No distribution
Earnings per Share	Weighted Average Number of Shares (thousand shares)		90,220	90,220
	Earnings per share (Note 3)	Before Adjustment	1.55	2.36
		After Adjustment	1.55	2.36
Dividend per share	Cash dividends		1.10	1.80
	Stock dividends	Surplus allotment	0	0
		Capital reserve allotment	0	0
	Accumulated unpaid dividends (Note 4)		0	0
Investment return analyses	Price to earning ratio (Note 5)		9.52	6.96
	Price to dividend ratio (Note 6)		13.42	9.13
	Cash dividend yield (Note 7)		7.45	10.96

\* If surplus or capital reserve is used to increase capital, the market price and cash dividend information adjusted retrospectively based on the number of shares to be issued shall be disclosed.

Note 1: List the highest and lowest market prices of common stocks for each year, and then calculate the average market price for each year based on the annual transaction value and volume.

Note 2: Please fill in based on the number of shares issued at the end of the year and according to the shareholders' meeting resolution status for the following year.

Note 3: If retrospective adjustment is required for situations such as gratuitous allotment, the earnings per share before and after adjustment must be listed.

Note 4: If equity securities are issued with terms that allow dividends to be accrued and accumulated until the year the Company makes a profit, the amount of cumulative undistributed dividends up till the current year is disclosed separately.

Note 5: P/E ratio = average closing price per share per year / earnings per share.

Note 6: Price to dividend ratio = average closing price per share per year / cash dividend per share.

Note 7: Cash dividend yield = cash dividend per share / average closing price per share for the year.

Note 8: Net worth per share and earnings per share should be presented with the most recent quarterly information audited (reviewed) by CPAs as of the publication of the annual report; the rest of the columns should be presented with the current year information as of the publication of the annual report.

Note 9: The distribution of earnings for 2022 was approved by the Board of Directors on March 17, 2023.

(VI) The Company's dividend policy and execution status:

1. The dividend policy stipulated by the Company's "Articles of Incorporation" is as follows:

Article 26: If the Company makes a profit for the year, it shall allocate 2% for the employees' remuneration and no more than 3% for the directors' and supervisors' remuneration. The allotted amount shall be recognized as the current year's expenses. However, where the Company still has accumulated losses, the amount shall be reserved for making up the accumulated loss first.

If there is any surplus in the company's annual final accounts, it shall be distributed in the following order:

- I. Tax payment.
- II. Makeup of previous losses
- III. After deducting items 1 and 2, deposit 10% into the statutory surplus reserve.
- IV. When necessary, the special surplus reserve may be withdrawn from the current surplus item, or the surplus may be retained at discretion according to relevant laws or regulations. It must also be included in the surplus distribution after the withdrawal conditions are eliminated and reversed.
- V. The rest shall be handled with the accumulated undistributed surplus of previous years. The board of directors shall draft a surplus distribution plan and submit it to the shareholders' meeting for a resolution on shareholder dividend distribution. However, the principal cannot be used for interest when no surplus exists.

If the Company distributes dividends and bonuses, capital surplus or legal reserve in whole or in part in the form of cash, the Board of Directors is authorized to do so with the presence of at least two-thirds of the directors and the approval of a majority of the directors present and report such decisions to the shareholders' meeting.

Article 27: The Company shall consider its status and growth stage, respond to future capital needs and long-term financial planning, and meet shareholders' demands for cash inflow to allocate over 50% of the distributable surplus when distributing shareholder dividends. Among them, the cash dividend distribution shall not be less than 10% of the total dividends paid for the year. However, if the cash dividend per share is less than NT\$0.1, it shall not be paid and shall be paid as a stock dividend instead.

All or part of the surplus distribution in the preceding paragraph may be omitted by the shareholders meeting based on future needs and profit status.

2. On March 17, 2023, the Board of Directors resolved the distribution of dividends for 2022:  
The following table shows the distribution of earnings for 2022.

Yeou Yih Steel Co., Ltd.  
Earnings distribution schedule  
2022

Unit: NTD

Item	Amount
Undistributed earnings at the beginning of the period	39,161,808
Plus: Net profit after tax for 2022	213,050,905
Disposal of equity instruments measured at FVTOCI	2,185,045
Other comprehensive income (remeasurement of defined benefit plans in 2022)	1,554,556
Reversal of special surplus reserve	(1,542,749)
Earnings available for distribution	254,409,565
Allocation Items:	
Provision of 10% of legal reserve	(21,679,051)
Shareholders' cash dividends	(162,396,468)
Undistributed earnings at the end of the period	70,334,046
Note:	
1. No. of shares: 90,220,260 shares.	

Chairperson: Hsien-Tong Liu

President: Jui-Hsin Chang

Accounting supervisor: Chung-Chih Chen

(VII) The effects that the stock grant proposed by the shareholders' meeting have on the Company's business performance and earnings per share:

Item		Year	2023 (Estimated)
Initial paid-in capital			902,202,600
Dividends distribution for the year (Note 1)	Cash dividend per share (NTD)		1.8
	The number of rights issues per share transferred from surplus to capital increase (shares)		0
	Capital reserves are used to increase the number of rights issues per share (shares)		0
Changes in business performance	Operating income		N/A (Note 2)
	Operating profit increase (decrease) ratio compared with the same period of the previous year		
	Post-tax profit		
	Net profit after tax increase (decrease) ratio compared with the same period of the previous year		
	Earnings per Share		
	Earnings per share increase (decrease) ratio compared with the same period of the previous year		
	The annual average return on investment (reciprocal of annual average price-to-earnings ratio)		
Fictitious earnings per share and a price-to-earnings ratio	If the surplus is transferred to the capital increase, the full amount shall be changed to cash dividends	Fictitious earnings per share	N/A (Note 2)
		Fictitious average annual return on investment	
	If the capital reserve has not been transferred to the capital increase	Fictitious earnings per share	N/A (Note 2)
		Fictitious average annual return on investment	
	If the capital reserve has not been processed and the surplus is transferred to the capital increase, cash dividends shall be paid	Fictitious earnings per share	N/A (Note 2)
		Fictitious average annual return on investment	

Note 1: The proposal to distribute cash dividends to shareholders for 2022 was approved by the board of directors on March 17, 2023.

Note 2: The complete financial forecast for 2023 has not been disclosed. According to the provisions provided by letter TCZ(I) No. 00371 dated February 1, 2000, there is no need to disclose the forecast information for 2023.

(VIII) Remuneration for employees, directors, and supervisors:

1. The number or scope of remuneration for employees, directors, and supervisors:

If the Company makes a profit for the year, it shall allocate 2% for the employee's remuneration and no more than 3% for the supervisor's remuneration. The allotted amount shall be recognized as the current year's expenses. However, where the Company still has accumulated losses, the amount shall be reserved for making up the accumulated loss first. If there is any surplus in the company's annual final accounts, it shall be distributed in the following order:

- I. Tax payment.
- II. Makeup of previous losses
- III. After deducting items 1 and 2, deposit 10% into the statutory surplus reserve.
- IV. When necessary, the special surplus reserve may be withdrawn from the current surplus item, or the surplus may be retained at discretion according to relevant laws or regulations. It must also be included in the surplus distribution after the withdrawal conditions are eliminated and reversed.
- V. The rest shall be handled with the accumulated undistributed surplus of previous years. The board of directors shall draft a surplus distribution plan and submit it to the shareholders' meeting for a resolution on shareholder dividend distribution. However, the principal cannot be used for interest when no surplus exists.

2. Account handling when the basis for the assessment of the employee, director, and supervisor remuneration amount; the basis of calculation for the number of shares distributed as employee remuneration; and the actual estimation amount for this period are inconsistent:

In accordance with the Company's Articles of Incorporation, the estimated amount of employee compensation and remuneration to directors and supervisors for 2022 is NT\$5,575,935. However, if the actual amount of allotment resolved by the shareholders' meeting differs from the estimated amount, it will be recorded as profit or loss for 2023.

3. The proposed employee remuneration distribution and other information approved by the board of directors:

- (1) The amount of employee, director, and supervisor remuneration distributed in cash or stock. If the annual estimated amount is different than the recognized amount, the difference, cause, and handling status must be disclosed: No difference.
- (2) The ratio accounted for by the employee remuneration amount distributed via stock allocation in the after-tax net profit of the latest distinctive or individual financial report and the total employee remuneration: No employee stock compensation allocation.
- (3) Calculated earnings per share after considering the proposed distribution of employee, director, and supervisor remunerations:



Unit: NTD	
Item	Amount
Dividend distribution date resolved by the board of directors	2023/03/17
Employee cash remuneration amount	5,575,935
Employee stock remuneration amount	0
Director and supervisor remuneration amount	5,575,935
Calculated earnings per share after considering the proposed distribution of employee, director, and supervisor remunerations	2.36

4. The actual remuneration distribution for employees, directors, and supervisors in the previous year (including the number of shares distributed, amount, and stock price); and the number of discrepancies, reasons, and handling status must be disclosed if different from the remuneration recognized for employees, directors, and supervisors:

The Company's 2021 employee bonuses and remuneration for directors and supervisors are distributed according to the proposals approved by the original board of directors. There is no difference, as shown in the table below.

Unit: NTD	
Item	Amount
Employee cash remuneration amount	3,652,466
Director and supervisor remuneration amount	3,652,466

(IX) Company share buyback status: None.

II. Corporate bonds (including overseas corporate bonds) processing status: None.

III. Preferred share handling status: None.

IV. Depository receipts handling status: None.

V. Employee stock options handling status: None.

- (I) For new shares with restricted employee rights that have not fully met the vested conditions, please disclose the handling status and impact on shareholders' rights and interests as of the publication date of the annual report: None.
- (II) Names of managers and top 10 employees who have acquired new shares with restricted employee rights up to the date of publication of the annual report: None.

VI. M&A or share transfer to other companies for new share issuance handling status: None

VII. Capital utilization plan implementation status: The Company has completed all previous issuances of securities as of the quarter before the publication date of the annual report, and the plan's benefits have been shown.

## Five. Operation Overview

### I. Business Contents

#### (I) Scope of Business

##### 1. Main business operation contents:

- (1) Stainless steel products heat treatment, leveling, cutting, and pickling processing operations.
- (2) Processing and trading of various types of steel.
- (3) Machinery and hardware trading businesses.
- (4) The import and export trade businesses for products listed above.
- (5) All business items that are not prohibited or restricted by law, except those that are subject to special approval.

##### 2. Main products and their business ratios:

The Company's current main product is stainless steel plate, with a business ratio of 100%.

##### 3. The Company's current product and service items:

The Company's current products and services are stainless steel plates.

##### 4. New products planned to be developed: None.

#### (II) Industry overview:

##### 1. The Industry's Current Status and Development

The iron and steel industry is capital- and technology-intensive, with deep and extensive industrial correlations. The metal manufacturing industry, machinery industry, transportation industry, construction industry, and electrical equipment industry all rely on steel as the basic material. Its development is closely related to the prosperity and decline of the overall economy, and it is a basic industry for national construction. Among them, stainless steel is a more advanced steel in the iron and steel industry, and the price is about 4-5 times that of carbon steel. Since stainless steel can replace carbon steel, it is used more widely in countries with more advanced industrialization levels. Therefore, the level of stainless steel production and consumption in a country can reflect the country's industrial development and national living standards.

Stainless steel has anti-rust and corrosion resistance characteristics mainly because it contains chromium. When chromium is added to steel, it forms chromium oxide on the surface, preventing oxygen from entering the structure. Moreover, chromium and carbon can produce a stable structure and decrease corrosion, and the addition of nickel can strengthen the qualities of the chromium structure.

Among the stainless steel products, the 300 series have the best balance regarding hardness, corrosion resistance, and processing suitability. So it is the most widely used type of stainless steel. It is called the "standard" stainless steel product and accounts for over 70% of the overall stainless steel products (according to the 2003 steel and metals market research statistics). In the 300 series, the 304 series contains 18% chromium and 8% nickel, which is the most common type. The 316 series adds 3% molybdenum and 14% nickel, which can resist chloride ion corrosion. The 316 series is better than the 304 series and is the second most common steel product. The 200 series add a higher proportion of manganese, and the nickel content is about half that of the 300 series. The 400 series are mostly low-nickel or nickel-free, and nitrogen and antimony elements are added, often making them magnetic (the 300 series is non-magnetic).

Before China Steel put stainless steel hot-rolled steel products into production in 1994, the only domestic company that produced steel billets was Tang Eng Iron Works. Co., Ltd.

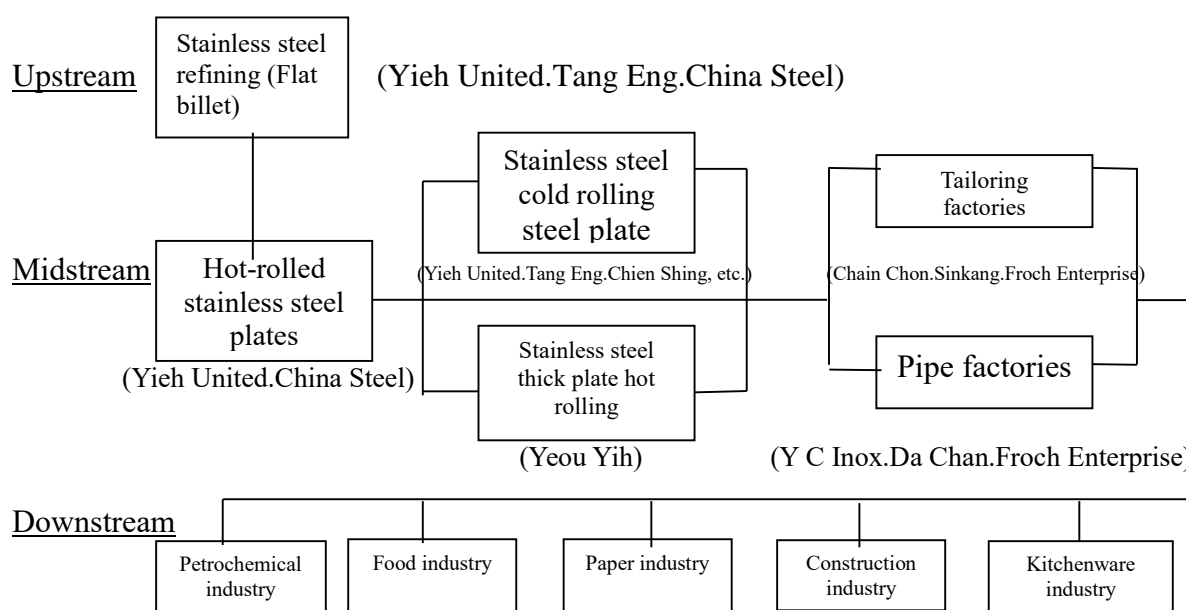
Foreign companies or China Steel was commissioned to provide rolling services to supply the market demand for cold rolling materials and some pickled steel coils. In 1995, Yieh United Steel Corp. was put into production, and the domestic stainless steel hot-rolled steel products no longer needed to rely on imports. In 2003, Walsin Lihwa added flat billet steelmaking equipment. It began mass production and sales of stainless steel flat billets and hot-rolled steel coils and entered into the field of flat products. Since 2000, the self-sufficiency rate of domestic stainless steel hot-rolled steel products has exceeded 100%. Since 2007, the self-sufficiency rate has declined to only 47.73% in 2014. The main reason was the large volume of imports by the industry that has reduced domestic production. In 2014, the market import volume share was as high as 67.08%.

## 2. The associativity of the Upstream, Midstream, and Downstream

There are 2 domestic stainless steel plate hot-rolled raw material providers: Yieh United Steel and China Steel. The width of the raw materials from Yieh United Steel is limited to 4 and 5 feet. Since the 8-foot-wide thick plate raw materials provided by China Steel's steel plate factory in the past are no longer available, Yieh United Steel is currently the only domestic upstream supplier of stainless steel thick plate hot-rolled raw materials.

The stainless steel plate downstream industry includes the cutting and pipe-making industries. Processed steel products are primarily used in the petrochemical industry, and the others include dyeing and finishing machinery, food machinery, and public works.

The relationship between the upstream, midstream, and downstream of this industry is listed as follows:



## 3. Various product development trends and competition status

### A. Stainless steel application popularization

Stainless steel has exceptional corrosion resistance, significantly increasing service life and eliminating the need for anti-corrosion measures like electroplating, painting, and other surface treatments. The waste generated during treatment is reduced, reducing pollution and environmental damage. Stainless steel products are widely used in various fields due to environmental protection awareness improvement. According to the ITIS industry review column's future development trends and stainless steel product trends, high-temperature waste incineration devices, liquefied natural gas power generation, high-efficiency power generation devices using coal, upper and lower water pipes, and

water treatment devices will all use more stainless steel materials with excellent heat resistance and high-temperature corrosion resistance to reducing carbon dioxide production. Furthermore, because stainless steel has a longer service life, more stainless steel, and stainless steel bars will be adopted for bridges, highways, tunnels, and other infrastructure in Europe, America, Japan, and other nations in the future. The public gradually accepts the price of materials. In general, the popularization of stainless steel product applications will become the industry's development trend.

B. Stainless steel products are developing towards low-nickel steel

About 76% of global stainless steel production belongs to the nickel-chromium series (300 series). Nickel and chromium account for about 65% and 70% of the cost of stainless steel raw materials, respectively. The price of nickel has periodic fluctuations, while the fluctuation of chromium price is relatively stable. Therefore, the price fluctuation of nickel-chromium stainless steel is mainly affected by the fluctuation of nickel price.

Besides a relatively lower corrosion resistance, the 200 series stainless steel is not much different from 300 series products on the surface. The demand for 200 series stainless steel with a nickel content of 1.0%~4.0% has increased daily in areas where corrosion resistance requirements are not very high. Since the nickel content of 200 series stainless steel is only about 15%~50% of that of 304 series, it is very helpful for the industry to reduce costs. The 200-series stainless steel is highly accepted in China since the Chinese market is more sensitive to prices. These conditions have driven the growth of 200 series stainless steel production, and the development of low-nickel stainless steel products has become a future trend.

C. Facing the pressure of global competition

The stainless steel industry is capital- and technology-intensive and has a wide range of product applications. It is closely related to the self-development ability of the defense industry because it is a high-grade steel product. Therefore, the world's advanced countries see the stainless steel industry as critical and defend and promote it, which increases the competitiveness of the stainless steel industry. There has been a clear internationalization and globalization trend in recent years under waves of global mergers and acquisitions. Take Europe as an example. The metal center ITIS project's stainless steel plate industry prospect analysis indicated that the number of major stainless steel factories in Europe has reduced from 25 in the past to 6 in 1999. This has resulted in the gradual expansion of the stainless steel industry's company structure as well as production capacity.

Since stainless steel has high international circulation, stainless steel thick plate products have a high degree of maturity and low differentiation. Under the WTO system, all member countries have eliminated domestic tariffs and non-tariff barriers. That means domestic and foreign markets must face competition, and this global competition will become the future trend.

(III) Technology and R&D overview:

1. R&D expenses invested in the last year and as of the publication date of this annual report: The Company currently has no new product or technology R&D plans, so R&D investment is not applicable.

The Company's products are thick stainless steel plates. Over the years, human resources have been invested in R&D for product process setting and quality improvement. The salaries of personnel involved in process improvement are as follows:

Unit: Thousand NTD

Item	2022	Q1 2023
Fee amount	18,286	1,441

2. Technologies or products successfully developed in the most recent year and as of the publication date of the annual report:

- (1) Operating condition optimization for solid fusion heat treatment.
- (2) The solid melting furnace applies the regenerative burner's energy-saving operation technology.
- (3) Stainless steel pickling surface quality optimization technology.
- (4) Stainless steel plate conforms to JIS G4304 JIS mark requirements.
- (5) Pickling technology for 430 medium and thick plates.
- (6) Stainless steel thick plate heat treatment homogenization capability enhancement technology.

3. Estimated R&D expenses for this year:

This year, the Company expects to participate in the carbon emission reduction counseling program of the Ministry of Economic Affairs to carry out carbon reduction technology for solid solution furnaces (Furnace B) and carbon inventory and energy management projects, and to carry out research and development projects such as the research on new leveling machine technology. After adding the salaries and wages of the regular process improvement staff, the estimated R&D expense for 2023 is NT\$25,000 thousand.

(IV) Long- and short-term business development plans:

Item	Short-term development plans	Long-term development plans
Production policy	<ol style="list-style-type: none"> <li>1. Strengthen process control and improve product quality.</li> <li>2. Strengthen scheduling control and shorten customer delivery time.</li> <li>3. Strengthen the connection with manufacturers and stabilize the supply source.</li> </ol>	<ol style="list-style-type: none"> <li>1. Continuous process improvement, reduce production costs.</li> <li>2. Timely expand production capacity depending on the market scale.</li> <li>3. Set up overseas factories when appropriate to supply goods nearby.</li> </ol>
Marketing strategies	<ol style="list-style-type: none"> <li>1. Strengthen client connection and stabilize client relationship.</li> <li>2. Strengthen post-sales services and enhance client confidence.</li> <li>3. Establish overseas bases to serve clients nearby.</li> </ol>	<ol style="list-style-type: none"> <li>1. Actively develop new clients and expand operation scales.</li> <li>2. Integrate the office automation system to provide faster and more high-quality services.</li> <li>3. Continue to train sales personnel in marketing and market observation skills and steadily expand the market.</li> </ol>
Financial management	<ol style="list-style-type: none"> <li>1. Strengthen capital management and stabilize the financial structure.</li> <li>2. Strengthen bank connections and reduce capital costs.</li> <li>3. Implement the internal control system to reduce business risks.</li> </ol>	<ol style="list-style-type: none"> <li>1. Use the capital market to establish financing channels.</li> <li>2. Strengthen the internal control system and improve the management system.</li> <li>3. The information is fully disclosed to enhance capital market recognition.</li> <li>4. Stabilize dividend policy and build investor confidence.</li> </ol>

## II. Marketing and Sales Status

### (I) Market analysis

1. Sales region for main products:

In 2022, the Company's domestic sales accounted for 66.61%, and export sales accounted for 33.39% (31.03% in Asia, 1.56% in Europe, and 0.70% in the Americas).

## 2. Market share:

In the past, most of Taiwan's stainless steel plates were imported. After Yieh United Steel Corp.'s expansion, it can provide the Company with sufficient source materials. With competitive quality and price, we have gradually replaced imported products and become the largest domestic stainless steel thick plate manufacturer. According to domestic customs import and export statistics, the thickness of stainless steel plates is mainly divided into two categories: 4.75-10mm and above 10mm. For our Company's products, 10mm and above account for about 80%. So only the supply and demand analysis for stainless steel plates above 10mm (excluding steel coil) is shown in the table below.

Import statistics of 300 series stainless steel products above 10mm in our country

Item	Unit	2018	2019	2020	2021	2022
72191190 300 series stainless steel - thickness > 10mm hot rolled	Ton	16,860	12,657	12,668	16,831	5,500
72192190 300 series stainless steel - thickness > 10mm hot rolled	Ton	24,792	20,973	24,714	16,500	8,022
Total of the above (A)	Ton	41,652	33,630	37,382	33,331	13,522

Source: Statistical Database Query System of the Customs Administration of the Ministry of Finance

Supply and demand analysis of stainless steel plates above 10mm in our country

Item	Unit	2018	2019	2020	2021	2022
Taiwan's import volume (excluding Yeou Yih) (B=A-C)	Ton	18,381	17,130	25,143	12,220	7,979
Yeou Yih import volume (C)	Ton	23,271	16,500	12,239	21,111	5,543
Yeou Yih domestic purchase volume (D)	Ton	18,534	16,584	18,239	14,396	26,416
Volume available for sale in Taiwan (E=B+C+D)	Ton	60,186	50,214	55,621	47,727	39,938
Yeou Yih's supply volume (F=C+D)	Ton	41,805	33,084	30,478	35,507	31,959
Yeou Yih's market share (G=F/E)	Ton	69.46%	65.89%	54.80%	74.40%	80.02%

Source: Statistical Database Query System of the Customs Administration of the Ministry of Finance/Yeou Yih's company information

## 3. Future Market Supply, Demand, and Growth Status

The Company primarily engages in the manufacture of stainless steel 304, 304L, and 316L series of thick plates above 8mm; which belongs to the steel plate processing industry in the stainless steel industry. Thick stainless steel plates are suitable for use only after solution heat treatment, and our Company is currently the only manufacturer in Taiwan capable of this stainless steel process. Before the company began production, all domestic vendors had to rely on imports. The period from product order to arrival often took as long as 3 months, and it is not easy to purchase and prepare materials due to the large difference in thickness. As such, the Company has entered the stainless steel thick plate market and



gradually replaced imported goods. We have become the only domestic stainless steel thick plate manufacturer.

Factory equipment and pipes are also important to demand markets for local steel products in addition to processing and to produce cold-rolled steel products, stainless steel hot-rolled steel products, petrochemical tanks, vehicles, and machinery. Due to the expansion of stainless steel cold-rolled steel products and the increase of the stainless steel product application market, the demand for stainless steel hot-rolled steel products has grown, and the annual growth rate was significantly expanded in 2021 due to a surge in demand, resulting in the average annual growth rate of hot-rolled steel products demand from 2012 to 2021 is increased to 3.57%.

Although the production capacity in China and Indonesia will disrupt the market order, it is expected that the deferred recovery demand from oil and coal products, pipe manufacturing and machinery industries will expand steadily in 2022 and the demand for domestic public works and plant construction will remain high, which is expected to drive the overall demand for materials. Meanwhile, the war between Russia and Ukraine and Indonesia's export policy has caused high nickel prices, which is conducive to the increase of selling prices and further prompted the downstream to replenish the basic inventory. Therefore, it is estimated that the domestic demand for stainless steel hot-rolled products will grow by 4.39% in 2022 compared with 2021.

In 2023, international energy prices are expected to remain high due to the Russian-Ukrainian war, supporting the demand of petrochemical and pipe manufacturing industries. In addition, the easing of the shortage of wafers and shipping problems will facilitate the moderate growth of deferred demand from the automotive, components and machinery industries. Therefore, the domestic demand for stainless steel hot-rolled products is forecasted to grow by 4.12% in 2023.

Demand forecast for domestic hot-rolled stainless steel products from 2022 to 2023

Unit: thousand metric tons

	Hot-rolled stainless steel plates		Hot-rolled stainless steel thick plates	
Year	2022	2023	2022	2023
Demand	1,818	1,893	109	114
Growth rate	4.39%	4.12%	-	-

Note: 1. Source: 2022 Taiwan Steel.

2. It is estimated that thick stainless steel plates account for approximately 6% of the demand for hot-rolled stainless steel.

#### 4. Competitive niche

A. Production technology: Stainless steel is a high-grade steel material with a high level of technology. The smelting and rolling of thick plates also require a high degree of technical experience to produce excellent steel products and improve the yield rate. Therefore, accumulating production technology and obtaining relevant certifications can improve product quality.

B. Supply source: Stainless steel raw materials account for about 90% of the production cost. The product price is especially susceptible to nickel price fluctuations, and the cost is difficult to control. In addition, sea freight costs only account for 2% of the total cost due to the high unit price of stainless steel, a highly internationalized commodity. Therefore, a stable supply source is obtained to avoid material shortage risks.

C. Shorten the delivery time: Obtain material sources nearby, reduce inventory costs, and

shorten the clients' delivery time service. It can reduce the total costs for the industry, meet the immediate demands, lower the inventory cost pressure for downstream manufacturers, and reduce the impacts of steel prices or exchange rate fluctuations.

- D. Master clients and channels: For the flat stainless steel industry, the upstream is a steelmaking/hot rolling plant, the midstream is a cold rolling plant, and the downstream mainly includes pipe-making, cutting, stamping, and surface treatment plants. The products are widely used in construction, petrochemical, home appliances, machinery, automobiles, kitchen/tableware, furniture, food, hardware, and other industries. Together, they form a vertical industrial system with great added value. Therefore, there is a wide range of downstream clients. If we can grasp their customers and channels, it will absolutely impact business.
- E. Comprehensive range of products: In manufacturing projects, stainless steel plates are mainly used in engineering and equipment. In terms of size, the different manufacturing process requires different sizes. Therefore, it can better meet clients' needs if the product specifications are complete.
- F. Product price: The stainless steel plate industry offers highly internationalized products, and the recent increase in shipping costs has greatly affected the overall prices. Therefore, product price is one of the key factors due to international competition. In light of the oversupply in the domestic market, stainless steel plate manufacturers that rely on exports must have international competitiveness in terms of price to gain a foothold in the global market.

5. Development prospect advantages, disadvantages, and countermeasures

A. Favorable factors:

(A) At present, there is no domestic competitor of the same nature

We are presently the only domestic stainless steel thick plate manufacturer and have a good grasp of the existing market channels. Although the threshold to enter this industry is not high, it will take some time for new entrants to establish their experience curves and channels. It is difficult to break through the competitive advantages of existing manufacturers. So there have been no new entrants or investment plan applications in recent years. In addition to controlling market channels, production experience and brand value are critical in the stainless steel plate industry. Therefore, it is difficult for potential competitors to significantly impact the market in the short term.

(B) Grasp the raw material sources for stainless steel thick plates

The cost of raw materials in the midstream processing industry for thick stainless steel plates accounts for over 90% of the product costs. Therefore, a stable and flexible supply of raw materials is a favorable factor for development in this industry. Yieh United Steel Corp. is the only domestic raw material provider for stainless steel hot-rolled thick plates. Therefore, most domestic stainless steel midstream processing manufacturers would consider combining major raw material suppliers and cooperating with the suppliers' market operation strategies, focusing on domestic procurement from nearby locations and maintaining long-term supply partnerships to maintain a stable raw material supply. The goal is to reduce the total cost, meet the immediate needs of downstream manufacturers, shorten client delivery service time, and reduce the impact of steel price or exchange rate fluctuations.

(C) Market demand continues to grow

From the perspective of global stainless steel products, advanced countries were



the main international stainless steel product market consumption areas in the past. However, after the continuous internal construction promotion by developing countries such as mainland China, India, and Russia, the demand for stainless steel products has grown significantly and rapidly in recent years. Therefore, the construction demand in these 3 major regions will be long-term from the global supply and demand perspective, not false demand or stockpiling as in the past. Coupled with the original demand growth worldwide, we expect a booming stainless steel market in recent years. The demands from global industrial plant construction and maintenance will drive the market for thick stainless steel plates. The production capacity of stainless steel medium and heavy plates in mainland China is insufficient, and many imports are still needed. So there is still room for growth in terms of import volume in the future.

(D) Product quality, price, and delivery time are superior to peer competitors

From the quality perspective, although domestic standards are not as good as Japan and West Germany, our quality is similar to that of South Korea, the United Kingdom, France, and Belgium. Our Company is the first domestic Company to invest in stainless steel thick plate productions. We have extensive advantages in terms of experience curve and economies of scale. We obtained ISO 9001/14001 certification, TUV-certified PED/AD2000-W0/W2 pressure vessel material manufacturer certification, and DNV NV304L/NV316L shipbuilding material factory verification certification. We will continue to obtain various quality certifications to help improve the quality brand and image of our “YYS” stainless steel plates. In recent years, the main driving force for global stainless steel growth has been in Asia. Taiwan has advantages such as short distances, short delivery times, and low prices that are conducive to market expansion.

B. Unfavorable factors for future development and countermeasures

(A) Excessive concentration of purchases from Yieh United Steel Corp.

The Company produces hot-rolled black-skinned stainless steel coils (plates) as raw materials for producing thick stainless steel plates. Two domestic suppliers can supply raw materials: China Steel makes steel in blast furnaces, and Yieh United uses electric furnaces to make steel. Due to business adjustments, China Steel no longer supplies raw materials for 8-foot-wide thick stainless steel plates. As a result, the only domestic upstream supplier that can supply hot-rolled black-skinned stainless steel plate raw materials required by the Company is Yieh United. Purchases are excessively concentrated in Yieh United Steel Corp., and the Company’s raw material price and quantity easily depend on Yieh United Steel Corp.

Response measures:

a. Maintain a good cooperative relationship with suppliers by signing supply contracts:

The upstream supplier Yieh United Steel Corp.’s operations are stable since it is the largest domestic stainless steel plant and the seventh largest worldwide. The Company has successively purchased raw material hot-rolled black stainless steel coils (plates) from Yieh United since our establishment in 1996. The two parties cooperated and signed a raw material supply contract. Therefore, there should be no raw material supply interruption or shortage risks.

b. Actively develop new foreign suppliers to diversify the raw material sources:

Due to the country’s abolition of import tariffs on hot-rolled stainless steel in 2004, the cost of imported products has been lowered. The Company has

moderately imported steel materials with competitive prices to reduce raw material costs and actively expanded new foreign suppliers to diversify procurement risks.

c. Establish a safe stock of raw materials to reduce material shortage risks:

Pay close attention to market supply and demand, and establish a safe raw material stock to reduce the material shortage risks.

(B) The domestic market has matured, and it is necessary to actively seek export markets

Taiwan's stainless steel thick plate market has matured, and profit margins are increasingly compressed. Only by increasing turnover can we improve profits. Our company is leading in the domestic stainless steel thick plate industry. However, stainless steel has high international circulation under the free market economic system, so we must face competition from foreign manufacturers in domestic and foreign markets. The international trend has shifted from protection to openness due to the abolition of Article 201 by the United States, the withdrawal of defense measures by the European Union, and the abolition of the final guarantee clause in mainland China. In the future, the influence of foreign tariffs and non-tariff trade obstacles for various types of steel products exported from Taiwan will be greatly reduced, which is conducive to steel product exports.

Response measures:

a. Strengthen distributor deployment in overseas markets:

The international trend has shifted from protection to openness due to the abolition of Article 201 by the United States, the withdrawal of defense measures by the European Union, and the abolition of the final guarantee clause in mainland China. In the future, the influence of foreign tariffs and non-tariff trade obstacles for various types of steel products exported from Taiwan will be greatly reduced, which is conducive to steel product exports. Asia, the United States, and the Middle East will dominate for the short-to-medium term.

b. Adopt supply materials nearby to expand market share:

Mainland China is the largest demand market worldwide. In the long run, we have not ruled out setting up factories in China to supply materials nearby, expand the market share in China, and improve the Company's competitiveness.

## (II) Important Purpose and Production Process of the Main Products

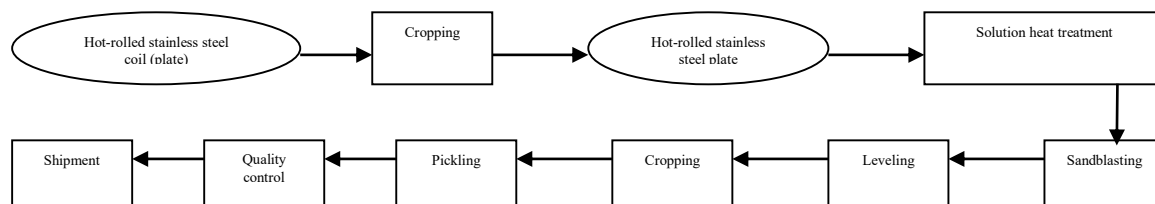
### 1. Important purpose of the main products

The downstream demand industries for thick stainless steel plates include the chemical industry, water resources, warehousing and transportation, civil engineering, electric power, pollution prevention, and petrochemical industries. The scope of application is quite different from that of thin plates, as shown in the table below.

Chemical industry	Inorganic acid	Hydrochloric acid	Sulfuric acid	Nitric acid	
	Organic acid	Acetic acid	Oxalic acid	Formic acid	Chlorinated Hydrocarbons
	Fertilizer	Urea	Phosacrdr		
	Papermaking	Roller	Solvent tank	Delignification	Bleach Treatment
Water treatment industry		Fresh water purification	Seawater cooling	Desalination	
Storage/transportation		Storage tank	Containers	Chemical containers	
Construction industry		Renovation	Structure		
Power plant		Nuclear power plant	Hydroelectric power	Liquified natural gas	Wind power generation
Air pollution control industry		Thermal power generation	Incinerator		
Petrochemical industry	Production	High-pressure pipe	Separator		
	Refinement	Rough refinement	Liquified natural gas		
	Petrochemical raw material	PTA	CVP	Urea	
	High temperature	Oxide	Nitride	Sulfide	Halogen gas

Data source: Industeel company website

### 2. Production process for main products



## (III) Main raw material supply status

Main raw materials	Source	Status of supply
Stainless steel coil (plate)	Yieh United Steel Corp.	Good

(IV) The name of the client accounted for over 10% of the total purchase (sales) in any of the last 2 years, the amount and proportion of the purchase (sales), and the reason for the increase or decrease:

1. The name of the client accounted for over 10% of the total purchase amount in any of the last 2 years, and the purchase amount and proportion:

Unit: Thousand NTD

Item	2021				2022				2023 as of the previous quarter			
	Name	Amount	Percentage accounted for to annual net purchases (%)	Relation with the issuer	Name	Amount	Percentage accounted for to annual net purchases (%)	Relation with the issuer	Name	Amount	The ratio of net purchases in the current year up to the previous quarter (%)	Relation with the issuer
1	Yieh United Steel Corp.	1,228,483	44.00%	Shareholders of the company	Yieh United Steel Corp.	2,258,316	81.04%	Shareholders of the company	Yieh United Steel Corp.	682,131	82.73%	Shareholders of the company
2	Fujian Fuxin	900,605	32.26%	N/A					Eternal Tsingshan	136,878	16.60%	N/A
3	Hyosung	318,354	11.40%	N/A								
4	Eternal Tsingshan	317,310	11.37%	N/A								
	Others	27,130	0.97%		Others	528,381	18.96%		Others	5,501	0.67%	
	Net purchase amount	2,791,882	100.00%		Net purchase amount	2,786,697	100.00%		Net purchase amount	824,510	100.00%	

Note 1: List the name of the supplier whose total purchase amount has been over 10% in the last 2 years and the purchase amount and proportion. A code may be used if a supplier's name cannot be disclosed due to a contract or the transaction partner is an individual and not a related party.

Note 2: If the most recent financial information of a company whereby the stocks are traded at the business office of securities firms has been audited, certified, or reviewed by a CPA as of the publication of this annual report, the information must be disclosed.

Note 3: Explanation for the change: Fujian Fuxin, Hysoung, and Eternal Tsingshan are based on the consideration of decentralized supply sources and purchase when needed depending on market conditions. In 2022, due to the depreciation of the Taiwan dollar exchange rate, the procurement of domestic Yieh United Steel Corp. was increased.

Note 4: The preceding purchase data does not include in-transit inventory and material amount.

2. The name of the client accounted for over 10% of the total sales amount in any of the last 2 years, and the sales amount and proportion:

Unit: Thousand NTD

Item	2021				2022				2023 as of the previous quarter			
	Name	Amount	Percentage accounted for to annual net sales (%)	Relation with the issuer	Name	Amount	Percentage accounted for to annual net sales (%)	Relation with the issuer	Name	Amount	The ratio of net sales in the current year up to the previous quarter (%)	Relation with the issuer
1	Ta Chen International, Inc.	760,990	29.38%	N/A	Ta Chen International, Inc.	771,296	21.84%	N/A	Cian Cheng Steel Co., Ltd.	176,534	19.41%	N/A
2	Lih Chun Enterprise Corp.	447,293	17.27%	N/A	Cian Cheng Steel Co., Ltd.	677,546	19.18%	N/A	Ta Chen International, Inc.	157,463	17.31%	N/A
3	Cian Cheng Steel Co., Ltd.	327,241	12.63%	N/A	Lih Chun Enterprise Corp.	450,801	12.76%	N/A	Lih Chun Enterprise Corp.	109,852	12.08%	N/A
4									HWASIN	108,492	11.93%	N/A
	Others	1,054,970	40.72%		Others	1,632,156	46.22%		Others	357,179	39.27%	
	Net sales amount	2,590,494	100.00%		Net sales amount	3,531,799	100.00%		Net sales amount	909,520	100.00%	

Note 1: List the name of the client whose total sales amount has been over 10% in the last 2 years and the sales amount and proportion. A code may be used if the client's name cannot be disclosed due to a contract or the transaction partner is an individual and not a related party.

Note 2: If the most recent financial information of a company whereby the stocks are traded at the business office of securities firms has been audited, certified, or reviewed by a CPA as of the publication of this annual report, the information must be disclosed.

Note 3: Explanation for the reason for the change: Ta Chen International, Inc., Cian Cheng Steel Co., Ltd., Lih Chun Enterprise Corp., and Hwasin are all distribution systems of the company and their revenue ranks among the top 10.

Note 4: This table was prepared using the values of the Company's parent company only statements.

(V) Production value for the last 2 years

Unit: ton; NTD thousand

Production by year volume Main Products	2021			2022		
	Production Capacity	Output Volume	Output Value	Production Capacity	Output Volume	Output Value
Stainless Steel Plates	54,000	25,260	2,021,660	54,000	29,997	2,744,951
Stainless Steel Plates OEM		858	1,305		1,421	3,493
Total	54,000	26,118	2,022,965	54,000	31,418	2,748,444

Note 1: Production capacity refers to the quantity the Company can produce under normal operation using the existing production equipment after measuring the necessary shutdowns, holidays, and other factors.

Note 2: If the production of each product is substitutable, the production capacity may be combined, and an explanation must be given.

Note 3: Description of changes: In 2022, total production increased due to an increase in market circulation as a result of the slowdown in the COVID-19 epidemic.

(VI) Sales Value for the Last 2 Years

Unit: Thousand NTD

Year Sales Volume & Value Main Products	Unit	2021				2022			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Stainless Steel Plates	Ton	17,968	1,494,278	7,686	661,590	18,868	1,914,714	10,901	1,138,705
Stainless Steel Material	Ton	5,675	423,820	60	7,689	5,205	458,795	64	14,578
OEM	Ton	956	2,220	0	0	1,421	5,007		
Sub-total		24,599	1,920,318	7,746	669,279	25,494	2,378,516	10,965	1,153,283
Stainless Steel Flange	pcs	0	0	150	897	0	0	0	0
Total			1,920,318		670,176		2,378,516		1,153,283

Description of changes: Sales volume increased in 2022 due to the increase in nickel prices, resulting in an increase in operating income for the year.

III. The number of employees employed and their average length of service, average age, and distribution ratio of educational background in the past two years and as of the publication date of the annual report

Year		2021	2022	As of 2023/03/31
Number of employees	Direct	34	38	36
	Indirect	51	52	53
	Total	85	90	89
Average age		45.36	45.70	45.53
Average service tenure		11.10	11.29	11.23
Education distribution ratio	Doctorate degree	1	1	1
	Master degree	8	9	9
	College	36	37	39
	High school	29	30	38
	Junior high school and below	11	13	12

Note: The annual data shall be updated as of the publication date of this annual report.

IV. Environmental Protection Expenditure Information

- (I) Losses incurred due to environmental pollution (including compensation and environmental protection audit in violation of environmental protection laws and regulations, the date of disciplinary action, the case number, the laws and regulations violated, the content of infringements, and the content of disciplinary action must be listed) in the most recent year and as of the publication date of the annual report. Please also disclose the estimated amount that may occur at present and in the future as well as the corresponding measures. If a reasonable estimate cannot be made, please state the fact why it cannot be reasonably estimated:

There has been no loss due to environmental pollution in the most recent year and up to the publication date of the annual report.

- (II) The relevant information of our Company in response to the EU Environmental Protection Directive (RoHS) is as follows:

The company's products do not involve the relevant specifications of the EU Environmental Protection Directive (RoHS).

## V. Labor Relations

- (I) The Company's various employee welfare measures, advanced studies, training, retirement systems, and their implementation conditions; the labor and management agreement status; and status of various employee rights protection measures:

### 1. Employee welfare measures:

- (1) Comply with labor insurance regulations to apply for labor insurance so workers may enjoy labor insurance protection.
- (2) Employees and their family members must join the national health insurance and enjoy other due benefits and protections.
- (3) The company applied to organize an Employee Welfare Committee according to the relevant laws and regulations, which was approved and registered on May 4, 2000.

The Employee Welfare Committee handles domestic (foreign) travel, marriage, funeral, maternity subsidies, dinner parties, education and training, emergency relief, and other benefits. The various subsidies handled through the Employee Welfare Committee in 2022 are shown in the table below:

Item	Item	Amount
1	Birthday subsidy	NT\$220,500
2	Labor day subsidy	NT\$266,000
3	Dragon Boat Festival subsidy	NT\$272,400
4	Mid-Autumn Festival Grant subsidy	NT\$265,200
5	New Year's subsidy	NT\$271,200
6	Wedding subsidy	NT\$0
7	Maternity subsidy	NT\$4,000
8	Hospital consolation subsidy	NT\$2,000
9	Bereavement subsidy	NT\$21,000
10	Group insurance subsidy	NT\$420,527
11	Food subsidy	NT\$1,270,560
12	Other costs	NT\$375,143
	Total	NT\$3,388,530

### 2. Education and training system

The Company provides employees with internal or external training courses to cultivate employees' professional learning ability and engages in publicity activities related to labor safety and health. The goal is to educate employees on occupational accident prevention measures.

2022 Education & Training Statistical Table

Item	No. of courses	Total number of people	Total hours	Total cost (NTD)
1. New Employee Training	19	19	161	0
2. Professional Skill Training	67	504	1,714	183,180
3. Supervisor Competency Training	16	85	381	108,250
4. Vocational Training	10	491	1,380	26,000
5. Self-inspirational Training	2	28	84	12,000



### 3. Retirement System and Implementation Status

- (1) By adhering to the requirements outlined in the Labor Standards Act, the Company had established its own defined retirement benefits plan, which applies both to the service years of all regular employees rendered before the enforcement of the Labor Pension Act on July 1, 2005, and to the service years of all employees who elected to continue applying the Labor Standards Act after the implementation of the Labor Pension Act. If the employee meets the retirement conditions, the pension payment is calculated based on the service years and the average salary for the 6 months before retirement. The service years of less than 15 years (including) shall be given two bases every year, and one base shall be given for each year for over 15 years of services with a cumulative maximum limit of 45 bases. The Company allocates a pension fund of 4% of the total salary every month. It deposits it to the Bank of Taiwan under the account name of the Labor Retirement Reserves Supervision Committee.
- (2) The Company has established a definitive pension allocation retirement method according to the “Labor Pension Act,” on July 1, 2005, which applies to all domestic employees. The Company shall allocate 6% of the salary as a monthly pension to the Labor Insurance Bureau Personal Account for its employees who have selected the labor pension system established by the “Labor Pension Act.” The employee’s pension payment is based on the employee’s pension account and accumulated income, which is collected as a monthly pension or in one lump sum.
- (3) In 2022, the pension cost recognized as an expense by the Company according to the preceding pension method is NT\$2,191 thousand.

### 4. Labor-management agreement status and various employee rights protection measures

The Company emphasizes rationalized and humanized management, establishes a smooth communication channel, maintains a good relationship between labor and capital, jointly creates productivity, and shares profits to establish a harmonious labor-capital relationship as follows:

- (1) Formulate labor conditions according to government labor-related laws and regulations.
- (2) Provide equal job opportunities to all job seekers according to the Employment Service Act.
- (3) There is a complaint channel for employees when their legitimate rights and interests are violated or infringed upon and cannot be reasonably resolved.
- (4) Established the “Complaint and Punishment of Sexual Harassment Prevention and Control Measures in the Workplace” provisions to provide employees and job applicants with a working environment free from sexual harassment, and prohibit sexual harassment incidents at the workplace.

### 5. Work environment and employee personal safety protection measures

- (1) Formulate safety and health rules and distribute them to all employees. It covers workplace safety and health standards, education and training, health guidance and management measures, first aid and rescue, preparation, maintenance, use of protective facilities, accident notification, and reporting of different work areas. It requires employees to abide by relevant regulations.
- (2) Hold fire drills to let employees understand the importance of fire prevention, how to use firefighting equipment, and knowledge about fire fighting.
- (3) Regularly arrange physical examinations to let employees know their physical conditions.

- (4) Strengthen factory safety, post hygiene slogans, and remind employees to pay attention at any time.
  - (5) Promote aerobics and outdoor jogging activities to strengthen employee health.
  - (6) During the epidemic period, pay attention to the relevant measures, implement daily body temperature measurements in the factory, disinfect the environment every day, prepare testing reagents for employees who need them, and formulate incentive measures to encourage employees to get vaccinated.
- (II) The losses suffered by the Company due to labor disputes in the most recent year and up to the publication date of this annual report, as well as the estimated amounts and corresponding measures that may occur at present and in the future. If it cannot be reasonably estimated, please state why it cannot be reasonably estimated:
- The Company has not suffered losses due to labor relations and maintained good labor relations with employees as of the publication date of the 2022 annual report. So there should be no labor disputes at present and in the future.

#### VI. Information Security Management:

- (I) Describe the information security risk management frameworks, information security policies, specific management plans, and resources invested in information security management.
1. Information Security Risk Management Framework:
- (1) The Company has established the relevant information security management measures and specifications to comply with the national information security policy and strengthen the Company's internal information security management. The objective is to maintain the information environment for the ongoing operation of the information business, ensure the confidentiality, integrity, and availability of our information assets, and adhere to the requirements of pertinent domestic and international laws and regulations. We also want to prevent intentional or unintentional internal and external threats from compromising information security.
  - (2) According to Paragraphs 5-8, Article 3 of the Cyber Security Management Act, the Company is not considered a government agency, specific non-government agency, critical infrastructure, or critical infrastructure provider. Although not applicable, the relevant provisions of Chapters 2 and 3 of the Cyber Security Management Act shall be listed in the relevant management measures according to the applicability of the Company's business nature.
  - (3) The Company's information security unit is the Information Office, which is responsible for formulating internal information security policies, planning information security operations, and promoting and implementing information security policies.
  - (4) The Audit Office of the Company shall conduct regular inspections. Suppose any deficiencies are found during the inspection. In that case, the inspected unit shall be required to propose improvement measures, and the improvement results shall be tracked regularly to reduce internal information security risks.

## 2. Information security policy and specific management plans

Item	Relevant specifications and measures
Institutional specifications	Establish the Company's information security management system to standardize personnel operations.
Technology application	Construct information security management equipment and implement information security management measures.
Personnel training	Implement information security education and training to enhance the information security awareness of all employees.

## 3. The management measures are described as follows

### (1) Account and authority management:

Manage and review personnel account permissions and regular inventory personnel account permissions.

### (2) Internal and external system access management:

Internal/external access control measures, data leakage channels control measures, and operational behavior track record analysis.

### (3) System weaknesses and external threats:

Server/computer vulnerability detection and update measures, virus protection, and malware detection

### (4) System availability status:

System/network availability status monitoring and notification mechanism, contingency measures for service interruption, data backup and backup measures, local/off-site backup mechanism, and regular disaster recovery drills.

- (II) List the losses, possible impacts, and countermeasures due to major information security incidents in the most recent year and as of the publication date for this annual report. If it cannot be reasonably estimated, state the reason why it cannot be reasonably estimated:  
As of the publication date of this annual report, no major information security incident has occurred or led to major losses.

## VII. Major contracts

Nature of contract	Contract party	Contract starting date	Main content	Restriction clause
Transaction Contract	Yieh United Steel Corp.	2022/01/01~2022/12/31	Monthly delivery volume agreement	N/A
Transaction Contract	NOVASTILMEC SPA	2022/10/04~2024/02/28	High precision leveling machine	N/A

## Six. Financial Overview

### I. Condensed Balance & Comprehensive Income Statement for the Last 5 Years with CPAs' Names and their Review Opinions

#### (I) Condensed asset balance sheet

#### 1. Financial information applicable to International Financial Reporting Standards - consolidated

Unit: Thousand NTD

Item \ Year		Financial Analysis Information for the Last 5 Years					2023 and as of 2023/03/31
		2018	2019	2020	2021	2022	
Current asset		NA	1,025,585	811,713	1,413,495	1,178,795	1,122,883
Property, plant, and equipment (Note 2)		NA	266,141	269,098	263,040	285,407	284,582
Intangible asset		NA	0	710	531	196	469
Other assets (Note 2)		NA	5,762	35,716	5,093	30,274	21,379
Total assets		NA	1,297,488	1,117,237	1,682,159	1,494,672	1,429,313
Current liability	Before distribution	NA	322,871	165,099	581,642	279,927	334,619
	After distribution	NA	340,915	165,099	680,884	442,323	No distribution
Non-current liabilities		NA	21,194	13,880	13,970	11,895	9,693
Total liabilities	Before distribution	NA	344,065	178,979	595,612	291,822	344,312
	After distribution	NA	362,109	178,979	694,854	454,218	No distribution
Equity attributable to owners of the parent company		NA	953,423	938,258	1,086,547	1,202,850	1,085,001
Share capital		NA	902,203	902,203	902,203	902,203	902,203
Capital surplus		NA	8,087	8,087	8,087	8,385	8,385
Retained earnings	Before distribution	NA	43,133	28,661	176,257	293,805	175,212
	After distribution	NA	25,089	28,661	77,015	131,409	No distribution
Other equities		NA	0	(693)	0	(1,543)	(799)
Treasury shares		NA	0	0	0	0	0
Non-controlling interests		NA	0	0	0	0	0
Total equity	Before distribution	NA	953,423	938,258	1,086,547	1,202,850	1,085,001
	After distribution	NA	935,379	938,258	987,305	1,040,454	No distribution

\* If the Company has formulated an individual financial report, it must also formulate an individual condensed balance & comprehensive income statement for the last 5 years.

\* The financial information must be formulated according to the nation's financial accounting standards, as shown in Table (2) below, if the financial information has been prepared using the International Financial Reporting Standards for less than 5 years.

Note 1: The year without CPA certification must be indicated.

Note 2: For those who have undergone asset revaluation in the current year, the revaluation date and the value-added amount of revaluation must be listed.

Note 3: If the most recent financial information of a company whereby the stocks are traded at the business office of securities firms has been audited, certified, or reviewed by a CPA as of the publication of this annual report, the information must be disclosed.

Note 4: The above figures after distribution are based on the resolutions of the board of directors or the shareholders' meeting of the following year.

Note 5: If the competent authority has ordered the financial information to be corrected or re-edited, the corrected or re-edited numbers must be used, and the circumstances and reasons must be disclosed.

Note 6: The Company established a subsidiary, Yeou Yih International Co., in May 2019. So the 2019 consolidated financial report did not include the financial information of the subsidiary.

## 2. Financial information applicable to International Financial Reporting Standards - Individual

Unit: Thousand NTD

Item \ Year		Financial Analysis Information for the Last 5 Years					2023 and as of 2023/03/31
		2018	2019	2020	2021	2022	
Current asset		1,029,034	1,005,668	791,976	1,393,250	1,157,106	1,101,448
Property, plant, and equipment (Note 2)		263,203	266,141	269,098	263,040	285,407	284,582
Intangible asset		376	0	710	531	196	469
Other assets (Note 2)		30,518	25,628	55,403	25,153	50,926	42,407
Total assets		1,323,131	1,297,437	1,117,187	1,681,974	1,493,635	1,428,906
Current liability	Before distribution	282,796	322,820	165,049	581,457	278,922	334,244
	After distribution	363,994	340,864	165,049	680,699	441,318	No distribution
Non-current liabilities		22,269	21,194	13,880	13,970	11,863	9,660
Total liabilities	Before distribution	305,065	344,014	178,929	595,427	290,785	343,905
	After distribution	386,263	362,058	178,929	694,669	453,181	No distribution
Equity attributable to owners of the parent company		1,018,066	953,423	938,258	1,086,547	1,202,850	1,085,001
Share capital		902,203	902,203	902,203	902,203	902,203	902,203
Capital surplus		8,087	8,087	8,087	8,087	8,385	8,385
Retained earnings	Before distribution	109,742	43,133	28,661	176,257	293,805	175,212
	After distribution	28,544	25,089	28,661	77,015	131,409	No distribution
Other equities		(1,966)	0	(693)	0	(1,543)	(799)
Treasury shares		0	0	0	0	0	0
Non-controlling interests		0	0	0	0	0	0
Total equity	Before distribution	1,018,066	953,423	938,258	1,086,547	1,202,850	1,085,001
	After distribution	936,868	935,379	938,258	987,305	1,040,454	No distribution

\* If the Company has formulated an individual financial report, it must also formulate an individual condensed balance & comprehensive income statement for the last 5 years.

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Note 1: The year without CPA certification must be indicated.

Note 2: For those who have undergone asset revaluation in the current year, the revaluation date and the value-added amount of revaluation must be listed.

Note 3: If the most recent financial information of a company whereby the stocks are traded at the business office of securities firms has been audited, certified, or reviewed by a CPA as of the publication of this annual report, the information must be disclosed.

Note 4: The above figures after distribution are based on the resolutions of the board of directors or the shareholders' meeting of the following year.

Note 5: If the competent authority has ordered the financial information to be corrected or re-edited, the corrected or re-edited numbers must be used, and the circumstances and reasons must be disclosed.

Note 6: The distribution of earnings for 2022 was approved by the Board of Directors on March 17, 2023.

Note 7: The parent company only financial report for the 1st quarter of 2023 has been reviewed by a CPA.

3. Financial information applicable to domestic financial reporting standards - parent company

Unit: Thousand NTD

Item \ Year		Financial Analysis Information for the Last 5 Years (Note 1)				
		2018	2019	2020	2021	2022
Current asset		NA	NA	NA	NA	NA
Property, plant, and equipment (Note 2)		NA	NA	NA	NA	NA
Intangible asset		NA	NA	NA	NA	NA
Other assets		NA	NA	NA	NA	NA
Total assets		NA	NA	NA	NA	NA
Current liability	Before distribution	NA	NA	NA	NA	NA
	After distribution	NA	NA	NA	NA	NA
Non-current liabilities		NA	NA	NA	NA	NA
Other Liabilities		NA	NA	NA	NA	NA
Total liabilities	Before distribution	NA	NA	NA	NA	NA
	After distribution	NA	NA	NA	NA	NA
Share capital		NA	NA	NA	NA	NA
Capital surplus		NA	NA	NA	NA	NA
Retained earnings	Before distribution	NA	NA	NA	NA	NA
	After distribution	NA	NA	NA	NA	NA
Other equities		NA	NA	NA	NA	NA
Treasury shares		NA	NA	NA	NA	NA
Total equity	Before distribution	NA	NA	NA	NA	NA
	After distribution	NA	NA	NA	NA	NA

Note 1: The year without CPA certification must be indicated.

Note 2: For those who have undergone asset revaluation in the current year, the revaluation date and the value-added activities of revaluation must be listed.

Note 3: For the preceding figures after distribution, please fill in according to the shareholders' meeting resolution in the following year.

Note 4: If the competent authority has ordered the financial information to be corrected or re-edited, the corrected or re-edited numbers must be used, and the circumstances and reasons must be disclosed.

4. Financial information applicable to domestic financial reporting standards - consolidated

Unit: Thousand NTD

Item \ Year		Financial Analysis Information for the Last 5 Years (Note 1)				
		2018	2019	2020	2021	2022
Current asset		NA	NA	NA	NA	NA
Property, plant, and equipment (Note 2)		NA	NA	NA	NA	NA
Intangible asset		NA	NA	NA	NA	NA
Other assets		NA	NA	NA	NA	NA
Total assets		NA	NA	NA	NA	NA
Current liability	Before distribution	NA	NA	NA	NA	NA
	After distribution	NA	NA	NA	NA	NA
Non-current liabilities		NA	NA	NA	NA	NA
Other Liabilities		NA	NA	NA	NA	NA
Total liabilities	Before distribution	NA	NA	NA	NA	NA
	After distribution	NA	NA	NA	NA	NA
Share capital		NA	NA	NA	NA	NA
Capital surplus		NA	NA	NA	NA	NA
Retained earnings	Before distribution	NA	NA	NA	NA	NA
	After distribution	NA	NA	NA	NA	NA
Other equities		NA	NA	NA	NA	NA
Treasury shares		NA	NA	NA	NA	NA
Total equity	Before distribution	NA	NA	NA	NA	NA
	After distribution	NA	NA	NA	NA	NA

Note 1: The year without CPA certification must be indicated.

Note 2: For those who have undergone asset revaluation in the current year, the revaluation date and the value-added activities of revaluation must be listed.

Note 3: For the preceding figures after distribution, please fill in according to the shareholders meeting resolution in the following year.

Note 4: If the competent authority has ordered the financial information to be corrected or re-edited, the corrected or re-edited numbers must be used, and the circumstances and reasons must be disclosed.



(II) Concise income statement

1. Financial information applicable to International Financial Reporting Standards - consolidated

Unit: Thousand NTD

Item \ Year	Financial analysis information for the last 5 years (Note 1)					2023 and as of 2023/03/31
	2018	2019	2020	2021	2022	
Operating revenue	NA	2,316,140	2,032,697	2,591,575	3,530,808	912,288
Operating profit margin	NA	86,251	59,393	252,403	362,567	78,916
Operating profit & loss	NA	11,554	(7,252)	163,813	251,068	54,300
Non-operating income and expense	NA	2,961	8,263	11,505	16,803	(424)
Net income before tax	NA	14,515	1,011	175,318	267,871	53,876
Net profit for the current period for subsisting business unit	NA	11,415	1,192	140,166	213,051	43,061
Loss from discontinued units	NA	0	0	0	0	0
Net profit (loss) for this period	NA	11,415	1,192	140,166	213,051	43,061
Other comprehensive profit/loss for the current period (net after tax)	NA	5,140	1,687	8,123	2,196	1,486
Total comprehensive income in the current period	NA	16,555	2,879	148,289	215,247	44,547
Net profit attributable to the owners of the parent company	NA	11,415	1,192	140,166	213,051	43,061
Net profit attributable to non-controlling interests	NA	0	0	0	0	0
Net total comprehensive profit/loss attributable to the owners of the parent company	NA	16,555	2,879	148,289	215,247	44,547
Total comprehensive profit/loss attributable to non-controlling interests	NA	0	0	0	0	0
Earnings per Share	NA	0.13	0.01	1.55	2.36	0.48

\* If the Company has formulated an individual financial report, it must also formulate an individual condensed balance & comprehensive income statement for the last 5 years.

\*The financial information must be formulated according to the nation's financial accounting standards, as shown in Table (2) below, if the financial information has been prepared using the International Financial Reporting Standards for less than 5 years.

Note 1: The year without CPA certification must be indicated.

Note 2: If the most recent financial information of a company whereby the stocks are traded at the business office of securities firms has been audited, certified, or reviewed by a CPA as of the publication of this annual report, the information must be disclosed.

Note 3: Losses from discontinued units shall be presented as the net amount after deducting income tax.

Note 4: If the competent authority has ordered the financial information to be corrected or re-edited, the corrected or re-edited numbers must be used, and the circumstances and reasons must be disclosed.

Note 5: The Company established a subsidiary, Yeou Yih International Co., Ltd., in June 2019. So the 2022 consolidated financial report included the financial information of the subsidiary.



2. Financial information applicable to International Financial Reporting Standards - Individual  
Unit: Thousand NTD

Item \ Year	Financial analysis information for the last 5 years (Note 1)					2023 and as of 2023/03/31
	2018	2019	2020	2021	2022	
Operating revenue	2,906,557	2,316,140	2,032,697	2,590,494	3,531,799	909,520
Operating profit margin	193,779	86,251	59,393	251,322	361,586	78,121
Operating profit & loss	110,494	11,627	(7,190)	163,295	250,480	53,997
Non-operating income and expense	5,716	2,888	8,201	12,023	17,165	(121)
Net income before tax	116,210	14,515	1,011	175,318	267,645	53,876
Net profit for the current period for subsisting business unit	94,179	11,415	1,192	140,166	213,051	43,061
Loss from discontinued units	0	0	0	0	0	0
Net profit (loss) for this period	94,179	11,415	1,192	140,166	213,051	43,061
Other comprehensive profit/loss for the current period (net after tax)	(1,566)	5,140	1,687	8,123	2,196	1,486
Total comprehensive income in the current period	92,613	16,555	2,879	148,289	215,247	44,547
Net profit attributable to the owners of the parent company	94,179	11,415	1,192	140,166	213,051	43,061
Net profit attributable to non-controlling interests	0	0	0	0	0	0
Net total comprehensive profit/loss attributable to the owners of the parent company	92,613	16,555	2,879	148,289	215,247	44,547
Total comprehensive profit/loss attributable to non-controlling interests	0	0	0	0	0	0
Earnings per Share	1.04	0.13	0.01	1.55	2.36	0.48

\* If the Company has formulated an individual financial report, it must also formulate an individual condensed balance & comprehensive income statement for the last 5 years.

\* The financial information must be formulated according to the nation's financial accounting standards, as shown in Table (2) below, if the financial information has been prepared using the International Financial Reporting Standards for less than 5 years.

Note 1: The year without CPA certification must be indicated.

Note 2: If the most recent financial information of a company whereby the stocks are traded at the business office of securities firms has been audited, certified, or reviewed by a CPA as of the publication of this annual report, the information must be disclosed.

Note 3: Losses from discontinued units shall be presented as the net amount after deducting income tax.

Note 4: If the competent authority has ordered the financial information to be corrected or re-edited, the corrected or re-edited numbers must be used, and the circumstances and reasons must be disclosed.

Note 5: The parent company only financial report for the 1st quarter of 2022 has been reviewed by a CPA.

### 3. Financial information applicable to domestic financial reporting standards - parent company

Unit: NTD Thousand

Item \ Year	Financial Analysis Information for the Last 5 Years				
	2018	2019	2020	2021	2022
Operating revenue	NA	NA	NA	NA	NA
Operating profit margin	NA	NA	NA	NA	NA
Operating profit & loss	NA	NA	NA	NA	NA
Non-operating gains and losses	NA	NA	NA	NA	NA
Profit or loss before income tax (net)	NA	NA	NA	NA	NA
Income from continuing business units	NA	NA	NA	NA	NA
Profit or loss from discontinued operations	NA	NA	NA	NA	NA
Net income (net loss)	NA	NA	NA	NA	NA
Other comprehensive income or loss for the period	NA	NA	NA	NA	NA
Total comprehensive income in the current period	NA	NA	NA	NA	NA

Note 1: The year without CPA certification must be indicated.

Note 2: Gains or losses from continuing operations and gains or losses from discontinued operations are presented net of income taxes.

Note 3: If the competent authority has ordered the financial information to be corrected or re-edited, the corrected or re-edited numbers must be used, and the circumstances and reasons must be disclosed.

Note 4: Our Company is a GTSM-listed company.

### 4. Financial information applicable to domestic financial reporting standards - consolidated

Unit: NTD Thousand

Item \ Year	Financial Analysis Information for the Last 5 Years				
	2018	2019	2020	2021	2022
Operating revenue	NA	NA	NA	NA	NA
Operating profit margin	NA	NA	NA	NA	NA
Operating profit & loss	NA	NA	NA	NA	NA
Non-operating gains and losses	NA	NA	NA	NA	NA
Profit or loss before income tax (net)	NA	NA	NA	NA	NA
Income from continuing business units	NA	NA	NA	NA	NA
Profit or loss from discontinued operations	NA	NA	NA	NA	NA
Net income (net loss)	NA	NA	NA	NA	NA
Other comprehensive income or loss for the period	NA	NA	NA	NA	NA
Total comprehensive income in the current period	NA	NA	NA	NA	NA

Note 1: The year without CPA certification must be indicated.

Note 2: Gains or losses from continuing operations and gains or losses from discontinued operations are presented net of income taxes.

Note 3: If the competent authority has ordered the financial information to be corrected or re-edited, the corrected or re-edited numbers must be used, and the circumstances and reasons must be disclosed.

Note 4: Our Company is a GTSM-listed company.

(III) Names of the CPAs in the Most Recent 5 Years and their Review Opinions

Year	CPA	Audit Opinions
2018	Ching-Lin Lee, Jen-Yao Hsieh	No Qualified Opinion
2019	Ching-Lin Lee, Ling-Wen Huang	No Qualified Opinion
2020	Ching-Lin Lee, Ling-Wen Huang	No Qualified Opinion
2021	Ching-Lin Lee, Ling-Wen Huang	No Qualified Opinion
2022	Kuo-Ming Lee, Ling-Wen Huang	No Qualified Opinion

Note: Based on the internal rotation of the accounting firm, CPA Kuo-Ming Lee has been the CPA of the Company since the 2nd quarter of 2022.

## II. Financial Analysis for the Last 5 Years

### 1. Adopted the financial information under the International Financial Reporting Standards - consolidated

Analysis items (Note 3)		Year (Note 1)	Financial Analysis Information for the Last 5 Years					The current year and as of 2023/03/31 (Note 2)
			2018	2019	2020	2021	2022	
Financial Structure (%)	Debt-to-asset ratio		NA	26.51	16.01	35.40	19.52	24.08
	The ratio of long-term funds to real estate, plant, and equipment		NA	366.20	353.82	418.38	425.61	384.66
Solvency (%)	Current ratio		NA	317.64	491.65	243.01	421.10	335.57
	Quick ratio		NA	90.34	136.09	39.95	99.01	62.77
	Interest coverage ratio		NA	13.92	1.63	126.76	147.69	184.87
Management capacity	Turnover rate of accounts receivable (times)		NA	19.54	15.93	24.66	47.27	78.18
	Average cash collection days		NA	18.67	22.91	14.80	7.72	4.66
	Inventory turnover rate (times)		NA	3.01	3.00	2.70	3.14	3.77
	Payable turnover rate (times)		NA	21.54	57.03	61.83	53.19	56.84
	Average sales days		NA	121.26	121.66	135.18	116.24	96.81
	Turnover rate of real estate, plant, and equipment (times)		NA	8.75	7.59	9.74	12.87	12.80
	Turnover rate of total assets (times)		NA	1.76	1.68	1.85	2.22	2.49
Profitability	Return on assets (%)		NA	0.93	0.20	10.09	13.50	2.96
	Return on equity (%)		NA	1.15	0.12	13.84	18.61	3.76
	Net income before income tax to paid-in capital (%) (Note 7)		NA	1.60	0.11	19.43	29.69	5.97
	Net profit rate (%)		NA	0.49	0.05	5.40	6.03	4.72
	Earnings per share (NT\$)		NA	0.13	0.01	1.55	2.36	0.48
Cash flow	Cash flow ratio (%)		NA	(58.49)	120.30	0.00	221.70	0.00
	Fund flow adequacy ratio (%)		NA	58.63	129.40	49.53	87.81	93.94
	Cash reinvestment ratio (%)		NA	(20.84)	14.16	0.00	33.58	0.00
Leverage	Operating leverage		NA	6.80	(8.36)	1.48	1.35	1.36
	Financial leverage		NA	1.10	0.82	1.00	1.00	1.00

Please explain the reasons for the changes in various financial ratios for the last 2 years. (exempt if the increase / decrease is lower than 20%)

#### 1. Financial Structure

1-1. Debt to asset ratio: The debt to asset ratio decreased due to the decrease in short-term borrowings as a result of the decrease in inventories.

#### 2. Solvency

2-1. Current ratio: The current ratio increased in 2022 due to a decrease in short-term borrowings.

2-2. Quick ratio: The quick ratio increased in 2022 due to the decrease in inventories.

#### 3. Management Capacity

3-1. Receivables turnover rate: In 2022, the turnover rate of receivables increased due to the increase in sales amount.

3-2. Average collection days: In 2022, the average collection days decreased due to the decrease in accounts receivable as a result of the increase in sales amount.

3-3. Turnover rate of property, plant and equipment: The turnover rate of property, plant and equipment increased in 2022 due to the increase in sales.

3-4. Total assets turnover rate: The total assets turnover rate increased in 2022 due to the increase in sales.

#### 4. Profitability

4-1. Return on assets: the return on assets increased due to the increase in operating profit in 2022.

4-2. Return on equity: the return on equity increased as described in 4-1.

4-3. Net income before income tax to paid-in capital: The ratio of net income before income tax to paid-in capital increased as described in 4-1.

4-4. Earnings per share: the earnings per share increased for reasons as described in 4-1.

#### 5. Cash Flow

5-1. Cash flow ratio: the cash flow ratio increased in 2022 due to the increase in profit and decrease in inventory, resulting in an increase in net cash inflow from operating activities.

5-2. Cash Flow Fair Ratio: the cash flow fair ratio increased due to the decrease in inventories in 2022.

5-3. Cash reinvestment ratio: as mentioned in 5-1, the cash reinvestment ratio increased due to the increase in net cash inflows from operating activities.

\* If the Company prepares parent company only financial reports, an analysis of the Company's individual financial ratios should be prepared separately.

\* The financial information must be formulated according to the nation's financial accounting

standards, as shown in Table (2) below if the financial information has been prepared using the International Financial Reporting Standards for less than 5 years.

Note 1: The year without CPA certification must be indicated.

Note 2: Financial information of companies whose shares are listed or traded on the stock exchange as of the date of the annual report should be included in the analysis if it has been audited or reviewed by a CPA most recently.

Note 3: The following calculation formula must be listed at the end of the annual report:

1. Financial Structure

(1) Liabilities to assets ratio = total liabilities / total assets.

(2) Ratio of long-term funds to real estate, plant, and equipment = (total equity + non-current liabilities) / net amount for property and plant.

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Interest protection multiples = net profit before income tax and interest expense / interest expense in the current period.

3. Management Capacity

(1) Turnover rate for accounts receivable (including accounts receivable and bills receivable due to businesses) = net sales / average balance of accounts receivable (including accounts receivable and bills receivable due to businesses) for each period.

(2) Average number of days for cash collection = 365 / turnover rate for accounts receivable.

(3) Inventory turnover rate = cost of goods sold / average inventory value.

(4) Turnover rate for accounts payable (including accounts payable and bills payable due to businesses) = net sales / average balance of accounts payable (including accounts payable and bills payable due to businesses) for each period.

(5) Average number of sales days = 365 / inventory turnover rate.

(6) Real estate, plant, and equipment turnover rate = net sales / average net amount for real estate, plant, and equipment.

(7) Turnover rate for total assets = net sales / total average assets.

4. Profitability

(1) Return on assets = [after tax loss + interest expense × (1 - tax rate)] / average total assets.

(2) Return on equity = after-tax profit and loss / average total equity.

(3) Ratio of pre-tax net profit to paid-in capital = pre-tax profit/loss / paid-in capital

(4) Net profit rate = after-tax profit and loss / net sales.

(5) Earnings per share = (profit and loss attributable to owners of the parent company - special stock dividends) / weighted average number of issued shares. (Note 4)

5. Cash Flow

(1) Cash flow ratio = net cash flow from operating activities / current liabilities.

(2) Cash flow adequacy ratio = (net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years.

(3) Cash re-investment ratio = (net cash flow from operating activity - cash dividend) / (total fixed assets + long-term investment + other assets + working capital). (Note 5)

6. Leverage:

(1) Operation balance = (net operating income - operating variable cost and expense) / operating income (Note 6).

(2) Financial leverage = Operating income / (Operating income - interest expense).

Note 4: Please pay special attention to the following matters when assessing the aforesaid calculation formula of earnings per share.

1. The basis should be the weighted average number of common shares instead of the number of outstanding shares at the end of the year.
2. In case of cash capital increase or treasury stock trading, consider the circulation period and calculate the weighted average number of shares.
3. In case of surplus transfer to capital increase or capital reserve transfer to the capital increase, retrospective adjustments should be made according to the ratio of capital increase when calculating earnings per share for the previous year and the previous six-month, and the capital increase issuance period need not be considered.
4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (whether issued or not) shall be deducted from the after-tax net profit, or the net loss after-tax should be increased. If the special stock is non-cumulative and there is a post-tax net profit, the dividend of the special stock shall be deducted from the after-tax net profit. No adjustment is necessary if there is a loss.

Note 5: Please pay special attention to the following matters when assessing the cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow from capital investment.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory is decreased at the end of the year, it shall be calculated as zero.
4. Cash dividends shall include cash dividends on ordinary and special shares.
5. Gross real estate, plant, and equipment refer to the total amount of real estate, plant, and equipment before deducting accumulated depreciation.

Note 6: The issuer shall classify the various operating costs and expenses as fixed or variable according to their nature. If estimates or subjective judgments are involved, pay attention to reasonableness and maintain consistency.

Note 7: If the company's stock has no denomination or the denomination per share is not NT\$10, the aforesaid paid-in capital ratio calculation shall be calculated based on the equity ratio attributable to the balance sheet of the parent company owner.

## 2. Financial information adopted by International Financial Reporting Standards - Individual

Analysis items(Note 3)		Financial Analysis Information for the Last 5 Years					The current year and as of 2023/03/31 (Note 2)
		2018	2019	2020	2021	2022	
Financial Structure (%)	Debt-to-asset ratio	23.05	26.51	16.01	35.40	19.46	24.06
	The ratio of long-term funds to real estate, plant, and equipment	395.25	366.20	353.82	418.38	425.60	384.65
Solvency (%)	Current ratio	363.87	311.52	479.84	239.61	414.84	329.53
	Quick ratio	98.17	84.18	124.46	36.56	92.49	56.64
	Interest coverage ratio	102.49	13.92	1.63	126.76	147.57	184.88
Management capacity	Turnover rate of accounts receivable (times)	46.83	19.54	15.93	24.65	45.01	69.13
	Average cash collection days	7.79	18.67	22.91	14.80	8.10	5.27
	Inventory turnover rate (times)	3.90	3.01	3.00	2.70	3.14	3.77
	Payable turnover rate (times)	21.72	21.54	57.03	61.83	53.22	56.70
	Average sales days	93.58	121.26	121.66	135.18	116.24	96.81
	Turnover rate of real estate, plant, and equipment (times)	11.01	8.75	7.59	9.73	12.87	12.76
	Turnover rate of total assets (times)	2.36	1.76	1.68	1.85	2.22	2.48
Profitability	Return on assets (%)	7.72	0.93	0.20	10.09	13.50	2.96
	Return on equity (%)	9.40	1.15	0.12	13.84	18.61	3.76
	Percentage of net profit before tax to the paid-in capital (%)	12.88	1.60	0.11	19.43	29.66	5.97
	Net profit rate (%)	3.24	0.49	0.05	5.41	6.03	4.73
	Earnings per share (NT\$)	1.04	0.13	0.01	1.55	2.36	0.48
Cash flow	Cash flow ratio (%)	31.05	(58.48)	120.72	0.00	220.03	0.00
	Fund flow adequacy ratio (%)	66.27	58.65	123.52	48.59	85.55	90.93
	Cash reinvestment ratio (%)	2.14	(20.52)	14.21	0.00	33.14	0.00
Leverage	Operating leverage	1.62	6.76	(8.44)	1.49	1.35	1.35
	Financial leverage	1.01	1.10	0.81	1.00	1.00	1.00

Please explain the reasons for the changes in various financial ratios for the last 2 years. (exempt if the increase / decrease is lower than 20%)

### 1. Financial Structure

1-1. Debt to asset ratio: The debt to asset ratio decreased due to the decrease in short-term borrowings as a result of the decrease in inventories.

### 2. Solvency

2-1. Current ratio: The current ratio increased in 2022 due to a decrease in short-term borrowings.

2-2. Quick ratio: The quick ratio increased in 2022 due to the decrease in inventories.

### 3. Management Capacity

3-1. Receivables turnover rate: In 2022, the turnover rate of receivables increased due to the increase in sales amount.

3-2. Average collection days: In 2022, the average collection days decreased due to the decrease in accounts receivable as a result of the increase in sales amount.

3-3. Turnover rate of property, plant and equipment: The turnover rate of property, plant and equipment increased in 2022 due to the increase in sales.

3-4. Total assets turnover rate: The total assets turnover rate increased in 2022 due to the increase in sales.

### 4. Profitability

4-1. Return on assets: the return on assets increased due to the increase in operating profit in 2022.

4-2. Return on equity: the return on equity increased as described in 4-1.

4-3. Net income before income tax to paid-in capital: The ratio of net income before income tax to paid-in capital increased as described in 4-1.

4-4. Earnings per share: the earnings per share increased for reasons as described in 4-1.

### 5. Cash Flow

5-1. Cash flow ratio: the cash flow ratio increased in 2022 due to the increase in profit and decrease in inventory, resulting in an increase in net cash inflow from operating activities.

5-2. Cash Flow Fair Ratio: the cash flow fair ratio increased due to the decrease in inventories in 2022.

5-3. Cash reinvestment ratio: as mentioned in 5-1, the cash reinvestment ratio increased due to the increase in net cash inflows from operating activities.

\* The financial information must be formulated according to the nation's financial accounting



standards, as shown in Table (2) below if the financial information has been prepared using the International Financial Reporting Standards for less than 5 years.

Note 1: The year without CPA certification must be indicated.

Note 2: Companies listed or whose shares have been traded at the business premises of a securities firm shall include in the financial information analysis for the current year ending the quarter preceding the publication date of the annual report.

Note 3: The following calculation formula must be listed at the end of the annual report:

1. Financial Structure

(1) Liabilities to assets ratio = total liabilities / total assets.

(2) Ratio of long-term funds to real estate, plant, and equipment = (total equity + non-current liabilities) / net amount for property and plant.

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Interest protection multiples = net profit before income tax and interest expense / interest expense in the current period.

3. Management Capacity

(1) Turnover rate for accounts receivable (including accounts receivable and bills receivable due to businesses) = net sales / average balance of accounts receivable (including accounts receivable and bills receivable due to businesses) for each period.

(2) Average number of days for cash collection = 365 / turnover rate for accounts receivable.

(3) Inventory turnover rate = cost of goods sold / average inventory value.

(4) Turnover rate for accounts payable (including accounts payable and bills payable due to businesses) = net sales / average balance of accounts payable (including accounts payable and bills payable due to businesses) for each period.

(5) Average number of sales days = 365 / inventory turnover rate.

(6) Real estate, plant, and equipment turnover rate = net sales / average net amount for real estate, plant, and equipment.

(7) Turnover rate for total assets = net sales / total average assets.

4. Profitability

(1) Return on assets = [after tax loss + interest expense × (1 - tax rate)] / average total assets.

(2) Return on equity = after-tax profit and loss / average total equity.

(3) Ratio of pre-tax net profit to paid-in capital = pre-tax profit/loss / paid-in capital

(4) Net profit rate = after-tax profit and loss / net sales.

(5) Earnings per share = (profit and loss attributable to owners of the parent company - special stock dividends) / weighted average number of issued shares. (Note 4)

5. Cash Flow

(1) Cash flow ratio = net cash flow from operating activities / current liabilities.

(2) Cash flow adequacy ratio = (net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years.

(3) Cash re-investment ratio = (net cash flow from operating activity - cash dividend) / (total fixed assets + long-term investment + other assets + working capital). (Note 5)

6. Leverage:

(1) Operation balance = (net operating income - operating variable cost and expense) / operating income (Note 6).

(2) Financial leverage = Operating income / (Operating income - interest expense).

Note 4: Please pay special attention to the following matters when assessing the aforesaid calculation formula of earnings per share.



1. The basis should be the weighted average number of common shares instead of the number of outstanding shares at the end of the year.
2. In case of cash capital increase or treasury stock trading, consider the circulation period and calculate the weighted average number of shares.
3. In case of surplus transfer to capital increase or capital reserve transfer to the capital increase, retrospective adjustments should be made according to the ratio of capital increase when calculating earnings per share for the previous year and the previous six-month, and the capital increase issuance period need not be considered.
4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (whether issued or not) shall be deducted from the after-tax net profit, or the net loss after-tax should be increased. If the special stock is non-cumulative and there is a post-tax net profit, the dividend of the special stock shall be deducted from the after-tax net profit. No adjustment is necessary if there is a loss.

Note 5: Please pay special attention to the following matters when assessing the cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow from capital investment.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory is decreased at the end of the year, it shall be calculated as zero.
4. Cash dividends shall include cash dividends on ordinary and special shares.
5. Gross real estate, plant, and equipment refer to the total amount of real estate, plant, and equipment before deducting accumulated depreciation.

Note 6: The issuer shall classify the various operating costs and expenses as fixed or variable according to their nature. If estimates or subjective judgments are involved, pay attention to reasonableness and maintain consistency.

Note 7: If the company's stock has no denomination or the denomination per share is not NT\$10, the aforesaid paid-in capital ratio calculation shall be calculated based on the equity ratio attributable to the balance sheet of the parent company owner.

### 3. Financial information adopted by domestic financial reporting standards - parent company

Analysis items(Note 2)		Year (Note 1)	Financial Analysis Information for the Last 5 Years (Note 1)				
			2018	2019	2020	2021	2022
Financial Structure (%)	Debt-to-asset ratio		NA	NA	NA	NA	NA
	Ratio of long-term funds to fixed assets		NA	NA	NA	NA	NA
Solvency (%)	Current ratio		NA	NA	NA	NA	NA
	Quick ratio		NA	NA	NA	NA	NA
	Interest coverage ratio		NA	NA	NA	NA	NA
Management capacity	Turnover rate of accounts receivable (times)		NA	NA	NA	NA	NA
	Average cash collection days		NA	NA	NA	NA	NA
	Inventory turnover rate (times)		NA	NA	NA	NA	NA
	Payable turnover rate (times)		NA	NA	NA	NA	NA
	Average sales days		NA	NA	NA	NA	NA
	Turnover rate of real estate, plant, and equipment (times)		NA	NA	NA	NA	NA
	Turnover rate of total assets (times)		NA	NA	NA	NA	NA
Profitability	Return on assets (%)		NA	NA	NA	NA	NA
	Return on equity (%)		NA	NA	NA	NA	NA
	Ratio accounted for the paid-up capital (%)	Operating income	NA	NA	NA	NA	NA
		Pre-tax profit	NA	NA	NA	NA	NA
	Net profit rate (%)		NA	NA	NA	NA	NA
Cash flow	Earnings per share (NT\$)		NA	NA	NA	NA	NA
	Cash flow ratio (%)		NA	NA	NA	NA	NA
	Fund flow adequacy ratio (%)		NA	NA	NA	NA	NA
Leverage	Cash reinvestment ratio (%)		NA	NA	NA	NA	NA
	Operating leverage		NA	NA	NA	NA	NA
	Financial leverage		NA	NA	NA	NA	NA
Please explain the reasons for the changes in various financial ratios for the last 2 years. (Exempt if the increase / decrease is lower than 20%)							

Note 1: The year without CPA certification must be indicated.

Note 2: The following calculation formula must be listed at the end of the annual report:

#### 1. Financial Structure

- (1) Liabilities to assets ratio = total liabilities / total assets.
- (2) Long-term funds to fixed assets ratio = (net shareholders' equity + long-term liabilities) / net fixed assets.

#### 2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
- (3) Interest protection multiples = net profit before income tax and interest expense / interest expense in the current period.

#### 3. Management Capacity

- (1) Turnover rate for accounts receivable (including accounts receivable and bills receivable due to businesses) = net sales / average balance of accounts receivable (including accounts receivable and bills receivable due to businesses) for each period.
- (2) Average number of days for cash collection = 365 / turnover rate for accounts receivable.
- (3) Inventory turnover rate = cost of goods sold / average inventory value.
- (4) Turnover rate for accounts payable (including accounts payable and bills payable due to businesses) = net sales / average balance of accounts payable (including accounts payable

and bills payable due to businesses) for each period.

(5) Average number of sales days =  $365 / \text{inventory turnover rate}$ .

(6) Real estate, plant, and equipment turnover rate =  $\text{net sales} / \text{average net amount for real estate, plant, and equipment}$ .

(7) Turnover rate for total assets =  $\text{net sales} / \text{total average assets}$ .

#### 4. Profitability

(1) Return on assets =  $[\text{after tax loss} + \text{interest expense} \times (1 - \text{tax rate})] / \text{average total assets}$ .

(2) Return on shareholders' equity =  $\text{after-tax profit and loss} / \text{average net shareholders' equity}$ .

(3) Net profit rate =  $\text{after-tax profit and loss} / \text{net sales}$ .

(4) Earnings per share =  $(\text{net profit after tax} - \text{special stock dividends}) / \text{weighted average number of issued shares}$ . (Note 4)

#### 5. Cash Flow

(1) Cash flow ratio =  $\text{net cash flow from operating activities} / \text{current liabilities}$ .

(2) Cash flow adequacy ratio =  $(\text{net cash flow from operating activities within five years} / (\text{capital expenditure} + \text{inventory increase} + \text{cash dividend})) \text{ within five years}$ .

(3) Cash re-investment ratio =  $(\text{net cash flow from operating activity} - \text{cash dividend}) / (\text{gross fixed assets} + \text{long-term investment} + \text{other assets} + \text{working capital})$ . (Note 5)

#### 6. Leverage:

(1) Operation balance =  $(\text{net operating income} - \text{operating variable cost and expense}) / \text{operating income}$  (Note 6).

(2) Financial leverage =  $\text{Operating income} / (\text{Operating income} - \text{interest expense})$ .

Note 3: Please pay special attention to the following matters when assessing the aforesaid calculation formula of earnings per share.

1. The basis should be the weighted average number of common shares instead of the number of outstanding shares at the end of the year.
2. In case of cash capital increase or treasury stock trading, consider the circulation period and calculate the weighted average number of shares.
3. In case of surplus transfer to capital increase or capital reserve transfer to the capital increase, retrospective adjustments should be made according to the ratio of capital increase when calculating earnings per share for the previous year and the previous six-month, and the capital increase issuance period need not be considered.
4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (whether issued or not) shall be deducted from the after-tax net profit, or the net loss after-tax should be increased. If the special stock is non-cumulative and there is a post-tax net profit, the dividend of the special stock shall be deducted from the after-tax net profit. No adjustment is necessary if there is a loss.

Note 4: When measuring cash flow, special attention should be paid to the following items:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow from capital investment.

3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory is decreased at the end of the year, it shall be calculated as zero.
4. Cash dividends shall include cash dividends on ordinary and special shares.
5. Gross real estate, plant, and equipment refer to the total amount of real estate, plant, and equipment before deducting accumulated depreciation.

Note 5: The issuer shall classify the various operating costs and expenses as fixed or variable according to their nature. If estimates or subjective judgments are involved, pay attention to reasonableness and maintain consistency.

#### 4. Financial information adopted by domestic financial reporting standards - consolidated

Analysis items(Note 2)			Year (Note 1)	Financial Analysis Information for the Last 5 Years (Note 1)				
			2018	2019	2020	2021	2022	
Financial Structure (%)	Debt-to-asset ratio		NA	NA	NA	NA	NA	
	Ratio of long-term funds to fixed assets		NA	NA	NA	NA	NA	
Solvency (%)	Current ratio		NA	NA	NA	NA	NA	
	Quick ratio		NA	NA	NA	NA	NA	
	Interest coverage ratio		NA	NA	NA	NA	NA	
Management capacity	Turnover rate of accounts receivable (times)		NA	NA	NA	NA	NA	
	Average cash collection days		NA	NA	NA	NA	NA	
	Inventory turnover rate (times)		NA	NA	NA	NA	NA	
	Payable turnover rate (times)		NA	NA	NA	NA	NA	
	Average sales days		NA	NA	NA	NA	NA	
	Turnover rate of real estate, plant, and equipment (times)		NA	NA	NA	NA	NA	
	Turnover rate of total assets (times)		NA	NA	NA	NA	NA	
Profitability	Return on assets (%)		NA	NA	NA	NA	NA	
	Return on equity (%)		NA	NA	NA	NA	NA	
	Ratio accounted for the paid-up capital (%)	Operating income	NA	NA	NA	NA	NA	
		Pre-tax profit	NA	NA	NA	NA	NA	
	Net profit rate (%)		NA	NA	NA	NA	NA	
	Earnings per share (NT\$)		NA	NA	NA	NA	NA	
Cash flow	Cash flow ratio (%)		NA	NA	NA	NA	NA	
	Fund flow adequacy ratio (%)		NA	NA	NA	NA	NA	
	Cash reinvestment ratio (%)		NA	NA	NA	NA	NA	
Leverage	Operating leverage		NA	NA	NA	NA	NA	
	Financial leverage		NA	NA	NA	NA	NA	
Please explain the reasons for the changes in various financial ratios for the last 2 years. (Exempt if the increase / decrease is lower than 20%)								

### III. Audit Inspection Report on the Latest Financial Report:

Yeou Yih Steel Co., Ltd.

#### Audit Committee's Review Report

The Board of Directors has formulated and submitted the Company's 2022 business report, financial statements (including consolidated financial statements), profit distribution proposals, etc. Among them, the financial statements (including the consolidated financial statements) have been audited by the attesting CPAs Kuo-Ming Lee and Ling-Wen Huang of Crowe Horwath (TW) CPAs and the audit reports were also issued. The audit committee reviewed the preceding business report, financial statements (including consolidated financial statements), and profit distribution proposal; no discrepancy was found. This report was prepared according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Please review.

Respectfully submitted,

2023 General Shareholders Meeting of Yeou Yih Steel Co., Ltd.

Convener of the Audit Committee: Yu-Liang Pan

March 24, 2023

- IV. Most Recent Financial Report: Please refer to pages 79 to 135.
- V. For the parent company only financial statements audited and certified by the attesting CPA for the most recent year: See pages 79-135.
- VI. Financial Difficulties for the Company and its Affiliated Companies in the most Recent Year and as of the Date of Publication for this Annual Report as well as their Impact on the Company's Financial Status: None.

## REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Yeou Yih Steel Co., Ltd. as of and for the year ended December 31, 2022 under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No.10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Yeou Yih Steel Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Yeou Yih Steel Co., Ltd.

By

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Sen-Tong Liu  
Chairman

March 17, 2023



## **Independent Auditors' Report**

To the Board of Directors and Shareholders  
Yeou Yih Steel Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated balance sheets of Yeou Yih Steel Co., Ltd. and its subsidiaries (the "Group") as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

### **Valuation of inventory**

Please refer to Note 4.8 to the consolidated financial statements for the accounting policy of inventories, Note 5.2(4) for critical accounting judgments, estimates and key sources of assumption uncertainty of inventories, and Note 6.4 for inventory valuation.

#### Description of key audit matter

As of December 31, 2022, inventory was \$873,376 thousand and accounted for 58.43% of the total assets. The inventory valuation is measured at the lower of inventory cost and net realizable value. Since inventory valuation is dependent on the influence of frequently volatile fluctuations of nickel price, further affecting stainless steel price.

#### How the matter was addressed in our audit

In relation to the key audit matter above, our principal audit procedures included evaluating the correctness of the valuation allowance, rationality of evaluation loss, preciseness of evaluation allowance of the past and comparing which with that of current period to see if the estimation method and assumption was appropriate, and examining the appropriateness of the related disclosure of the inventory allowance.

### **Revenue recognition**

Please refer to Note 4.16 to the consolidated financial statements for the accounting policy of revenue recognition, Note 5.1(1) and Note 5.2(1) for critical accounting judgements, estimates and key sources of assumption uncertainty of revenue recognition, and Note 6.17 for the description of revenue recognition.

#### Description of key audit matter

The Group sales revenue is easily influenced by various factors such as the industry boom, market environment and government policies, and has a significant impact on the capacity utilization rate of the Group (the recognition of idle capacity loss), inventory risk and cash flow. Consequently, revenue recognition is deemed to be a key audit matter.

### How the matter was addressed in our audit

In relation to the key audit matter above, our principal audit procedures included testing the Group's controls surrounding revenue recognition; inspecting customer orders and performing a test of revenue transactions which incurred within a certain period before or after the balance sheet date, analysis of the trend of product sales and comparing the number of relevant changes or differences with the budget to confirm whether there is a significant exception; and evaluating the orders and related document of bill-and-hold sales, in which delivery is delayed at the buyer's request but the buyer takes the title and accept the billing, to see if the risk and reward had been transferred to the buyer for revenue recognition.

### **Other Matters**

We have also audited the standalone financial statements of Yeou Yih Steel Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (inclusive of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuo Ming Lee and Ling Wen Huang.

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Crowe (TW) CPAs  
Kaohsiung, Taiwan  
Republic of China

March 17, 2023

Notice to Readers

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

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

YEOU YIH STEEL CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(In Thousands of New Taiwan Dollars)

Assets	Note	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6.1	\$211,799	14	\$108,286	6
Accounts receivable, net	6.2	45,947	3	103,422	6
Other receivables	6.3	16,124	1	15,831	1
Current income tax assets		-	-	1,547	-
Inventories	6.4	873,376	59	1,142,480	68
Prepayments		28,249	2	38,629	3
Other financial assets - current	6.5	3,300	-	3,300	-
Total current assets		1,178,795	79	1,413,495	84
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income or loss - noncurrent	6.6	26,830	2	-	-
Property, plant and equipment	6.7	285,407	19	263,040	16
Intangible assets	6.8	196	-	531	-
Deferred income tax assets	6.23	2,809	-	4,413	-
Refundable deposits		635	-	680	-
Total noncurrent assets		315,877	21	268,664	16
TOTAL ASSETS		\$1,494,672	100	\$1,682,159	100
Liabilities and Equity					
CURRENT LIABILITIES					
Short-term loans	6.9	\$104,731	8	\$457,206	27
Contract liabilities - current	6.17	7,883	1	11,436	1
Notes payable		6,299	-	5,455	-
Accounts payable		71,999	5	35,375	2
Other payables	6.10	51,033	3	34,521	2
Current tax liabilities		36,399	2	34,261	2
Provisions - current	6.11	1,583	-	3,388	-
Total current liabilities		279,927	19	581,642	34
NONCURRENT LIABILITIES					
Deferred income tax liabilities	6.23	45	-	5	-
Net defined benefit liability - noncurrent	6.12	11,850	1	13,965	1
Total noncurrent liabilities		11,895	1	13,970	1
TOTAL LIABILITIES		291,822	20	595,612	35

Liabilities and Equity	Note	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
<b>EQUITY</b>					
Share capital	6.13				
Common stock		902,203	59	902,203	55
Capital surplus	6.14	8,385	1	8,087	-
Retained earnings	6.15				
Legal reserve		37,852	3	23,093	1
Special reserve		-	-	693	-
Unappropriated earnings		255,953	17	152,471	9
Other equity	6.16	(1,543)	-	-	-
Total equity attributable to owners of the parent		1,202,850	80	1,086,547	65
<b>NON-CONTROLLING INTERESTS</b>		-	-	-	-
Total equity		1,202,850	80	1,086,547	65
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>\$1,494,672</u>	<u>100</u>	<u>\$1,682,159</u>	<u>100</u>

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

YEOU YIH STEEL CO., LTD.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME

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

Item	Note	Year Ended December 31			
		2022		2021	
		Amount	%	Amount	%
OPERATING REVENUE	6.17	\$3,530,808	100	\$2,591,575	100
OPERATING COST	6.4	(3,168,241)	(89)	(2,339,172)	(90)
GROSS PROFIT (LOSS)		362,567	11	252,403	10
OPERATING EXPENSES					
Sales and marketing		(41,120)	(1)	(32,996)	(1)
General and administrative		(70,379)	(2)	(55,594)	(2)
Total operating expenses		(111,499)	(3)	(88,590)	(3)
INCOME (LOSS) FROM OPERATIONS		251,068	8	163,813	7
NON-OPERATING INCOME AND EXPENSES					
Interest income	6.19	593	-	47	-
Other income	6.20	5,369	-	4,953	-
Other gains and losses	6.21	12,667	-	7,899	-
Finance cost	6.22	(1,826)	-	(1,394)	-
Total non-operating income and expenses		16,803	-	11,505	-
INCOME (LOSS) BEFORE INCOME TAX		267,871	8	175,318	7
INCOME TAX BENEFIT (EXPENSE)	6.23	(54,820)	(2)	(35,152)	(1)
NET INCOME (LOSS)		213,051	6	140,166	6
OTHER COMPREHENSIVE INCOME (LOSS)	6.24				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation		1,943	-	(449)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		642	-	8,482	-
Income tax benefit (expense) related to items that will not be reclassified subsequently to profit or loss		(389)	-	90	-
Total other comprehensive income (loss), net of income tax		2,196	-	8,123	-
TOTAL COMPREHENSIVE INCOME (LOSS)		\$215,247	6	148,289	6
NET INCOME (LOSS) ATTRIBUTABLE TO					
Shareholders of the parent		\$213,051	6	\$140,166	6
Non-controlling interests		-	-	-	-
Total		\$213,051	6	\$140,166	6
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Shareholders of the parent		\$215,247	6	\$ 148,289	6
Non-controlling interests		-	-	-	-
Total		\$ 215,247	6	\$148,289	6
EARNINGS (LOSS) PER SHARE					
Basic earnings (loss) per share	6.25	\$2.36		\$1.55	
Diluted earnings (loss) per share	6.25	\$2.35		\$1.55	

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



YEOU YIH STEEL CO., LTD.  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent						Shareholders of the parent	Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Legal reserve	Special Reserve	Unappropriated Earnings	Other Equity Item Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2021	\$902,203	\$8,087	\$22,736	\$ -	\$5,925	(\$693)	\$938,258	\$ -	\$938,258
Appropriations and distributions of prior years' earnings:									
Legal reserve	-	-	357	-	(357)	-	-	-	-
Special reserve	-	-	-	693	(693)	-	-	-	-
Net income (loss) in 2021	-	-	-	-	140,166	-	140,166	-	140,166
Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	(359)	8,482	8,123	-	8,123
Total comprehensive income in 2021	-	-	-	-	139,807	8,482	148,289	-	148,289
Disposal of financial instruments designated at fair value through other comprehensive income	-	-	-	-	7,789	(7,789)	-	-	-
BALANCE AT DECEMBER 31, 2021	902,203	8,087	23,093	693	152,471	-	1,086,547	-	1,086,547
Appropriations and distributions of prior years' earnings:									
Legal reserve	-	-	14,759	-	(14,759)	-	-	-	-
Cash dividends - \$1.1 per share	-	-	-	-	(99,242)	-	(99,242)	-	(99,242)
Reversal of special reserve	-	-	-	(693)	693	-	-	-	-
Net income (loss) in 2022	-	-	-	-	213,051	-	213,051	-	213,051
Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	1,554	642	2,196	-	2,196
Total comprehensive income (loss) in 2022	-	-	-	-	214,605	642	215,247	-	215,247
Disposal of financial instruments designated at fair value through other comprehensive income	-	-	-	-	2,185	(2,185)	-	-	-
Other	-	298	-	-	-	-	298	-	298
BALANCE AT DECEMBER 31, 2022	\$902,203	\$8,385	\$37,852	\$ -	\$255,953	(\$1,543)	\$1,202,850	\$ -	\$1,202,850

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

YEOU YIH STEEL CO., LTD.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In Thousands of New Taiwan Dollars)

Item	Year Ended December 31	
	2022	2021
<b>1.CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	\$267,871	\$175,318
Adjustments to reconcile profit (loss)		
Depreciation	16,512	19,236
Amortization	778	822
Interest expense	1,826	1,394
Interest income	(593)	(47)
Dividend income	(820)	-
Loss (gain) on disposal and retirement of property, plant and equipment	(300)	681
Property, plant and equipment transfer to expense	544	-
Total adjustments to reconcile profit (loss)	17,947	22,086
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Decrease (increase) in notes receivable	-	10
Decrease (increase) in accounts receivable	57,475	3,293
Decrease (increase) in other receivables	(141)	(6,738)
Decrease (increase) in inventories	269,104	(556,879)
Decrease (increase) in prepayments	10,380	(37,208)
Total net changes in operating assets	336,818	(597,522)
Net changes in operating liabilities:		
Increase (decrease) in contract liabilities	(3,553)	8,295
Increase (decrease) in notes payable	844	2,151
Increase (decrease) in accounts payable	36,624	3,849
Increase (decrease) in other payables	16,508	11,548
Increase (decrease) in provisions	(1,805)	2,136
Increase (decrease) in net defined benefit liability	(172)	(208)
Total net changes in operating liabilities	48,446	27,771
Total changes in operating assets and liabilities	385,264	(569,751)
Total adjustments	403,211	(547,665)
Cash generated from (used in) operations	671,082	(372,347)
Interest received	546	47
Dividends received	820	-
Interest paid	(1,960)	(1,276)
Income tax refund (paid)	(49,880)	6,153
Net cash generated from (used in) operating activities	620,608	(367,423)

Item	Year Ended December 31	
	2022	2021
<b>2.CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income or loss	(39,454)	(92,899)
Proceeds from disposal of financial assets at fair value through other comprehensive income or loss	13,266	131,051
Acquisition of property, plant and equipment	(39,905)	(18,958)
Proceeds from disposal of property, plant and equipment	815	3,524
Decrease in refundable deposits	45	-
Acquisition of intangible assets	(443)	(643)
Net cash generated from (used in) investing activities	(65,676)	22,075
<b>3.CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	-	355,760
Decrease in short-term loans	(352,475)	-
Cash dividends paid	(99,242)	-
Other financing activities	298	-
Net cash generated from (used in) financing activities	(451,419)	355,760
<b>4.NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>103,513</b>	<b>10,412</b>
<b>5.CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>108,286</b>	<b>97,874</b>
<b>6.CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$211,799</b>	<b>\$108,286</b>

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

**YEOU YIH STEEL CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
**(Amounts In Thousands of New Taiwan Dollars, Except Stated Otherwise)**

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**1. GENERAL INFORMATION**

- (1) Yeou Yih Steel Co., Ltd. (collectively as the “Company”) was incorporated in January 1996. The Company is primarily engaged in the heat treatment of stainless steel products. leveling, cut, picking, processing and processing and sales of various steel. The Company’s shares have been approved by Taipei Exchange to be traded on over-the-counter from April 28, 2006. The principal operating activities of the Company and its subsidiaries (collectively as the “Group”) are described in Note 4.3(2). In addition, the Company has no ultimate parent company.
- (2) The consolidated financial statements are presented in the Company’s functional currency, New Taiwan Dollars.

**2. THE AUTHORIZATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements were approved and authorized for issue by the Board of Directors on March 17, 2023.

**3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS**

- (1) Effect of adoption of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC):

New standards, interpretations and amendments endorsed by the FSC and effective from 2022 are as follows:

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”	January 1, 2022 (Note 2)
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”	January 1, 2022 (Note 3)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 4)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note 5)

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

Note 2: An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented, January 1,

2021, in the financial statements in which the entity first applies the amendments.

Note 3: An entity shall apply these amendments to contracts for which it has not yet fulfilled all its obligations on January 1, 2022.

Note 4: These amendments apply to business combinations whose acquisition date occur during the annual reporting periods beginning on or after January 1, 2022.

Note 5: An entity shall apply the Amendment to IFRS 9 to financial liabilities that are modified or exchanged during the annual reporting periods beginning on or after January 1, 2022. An entity shall apply the Amendment to IAS 41 to fair value measurements for annual reporting periods beginning on or after January 1, 2022. An entity shall apply the Amendment to IFRS 1 for annual reporting periods beginning on or after January 1, 2022.

A. Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments set out that proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for them to be capable of operating in the manner intended by management shall not be recognized as a deduction of the asset. Instead, the proceeds from selling such items and the costs of those items, measured in accordance with IAS 2, shall be recognized in profit or loss in accordance with applicable IFRS Standards. Additionally, the amendments clarify that costs of testing whether the asset is functioning properly is the costs of assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

The Group shall apply these amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Group first applies the amendments. The cumulative effects of initially applying the amendments shall be recognize as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented with comparative information restated.

B. Amendments to IAS 37 “Onerous Contracts — Cost of Fulfilling a Contract”

The amendment stipulates that when assessing whether the contract is onerous, “Cost of Fulfilling a Contract” should include the incremental cost of fulfilling a contract (for example, direct labor and raw materials) and the allocation of other costs directly related to fulfilling a contract (for example, the depreciation expenses of property, plant and equipment items used in fulfilling a contract are allocated).

C. Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments update a reference to the Framework in IFRS 3 and require the acquirer shall apply IFRIC 21 for a levy that would be within the scope of IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by

the acquisition date.

#### D. Annual Improvement to IFRS Standards 2018-2020

The annual improvement amends several Standards. Among which, the Amendment to IFRS 9 clarifies that, in determining whether an exchange or modification of the terms of a financial liability is substantially different from those of the original liability, only fees paid net of fees received between the Group (the borrower) and the lender for the new or modified contract, including fees paid or received by either the Group or the lender on the other's behalf, shall be included in the 10% test of the discounted present value of the cash flows under the new terms.

Base on the Group's assessment, the above standards and interpretations have no significant effect on the Group's financial position and financial performance.

#### (2) Effect of new issuances or amendments to IFRSs as endorsed by the FSC but not yet adopted

New standards, interpretations and amendments endorsed by the FSC and effective from 2023 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosures of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2023.

Note 2: These amendments apply to changes in accounting estimates and changes in accounting policies that occur during annual reporting periods beginning on or after January 1, 2023.

Note 3: An entity shall apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred taxes for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

#### A. Amendments to IAS 1 "Disclosures of Accounting Policies"

The amendments clarify that an entity shall disclose its material significant accounting policy information if the transaction, other event or condition to which the accounting policy information relates is material in size or nature, or a combination of both, and the accounting policy information that relates to a material transaction, other event or condition is also material to the financial statements. On the other hand, if the transaction, other event or condition to which the accounting policy information relates is immaterial

in size or nature, an entity needs not to disclose the accounting policy information that relates to the immaterial transaction, other event or condition. Additionally, Immaterial accounting policy information that relates to material transactions, other events or conditions need not be disclosed, either. However, an entity's conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other IFRS Standards

#### B. Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty and clarify that a change in measurement techniques or inputs used to develop an accounting estimate is a change in accounting estimates unless the change is due to an error from prior periods

#### C. Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

If the taxable temporary difference arising from a single transaction at the time of original recognition is the same as the deductible temporary difference, the above exemption does not apply. When the enterprise applies this amendment for the first time, it shall recognize deferred income tax on all temporary differences related to lease and decommissioning obligations on the start date of the earliest comparative period expressed (January 1, 2022), and the cumulative effect is recognized as an adjustment to the initial balance of retained earnings on that date. (Or other components of interest, as appropriate). For other transactions that occurred after January 1, 2022, the application of this amendment should be postponed, and the Group should recompile the comparative period information when applying this amendment for the first time.

The Group has evaluated the aforementioned standards and interpretations, and there's no significant effect to the Group's financial position and performance.

#### (3) Effect of the IFRSs issued by IASB but not yet endorsed and issued into effect by FSC :

New IFRSs	Effective Date Announced by IASB
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 IFRS 17 and IFRS 9 – Compare Information"	January 1, 2023
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024



New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

As of the date the accompanying consolidated financial statements are authorized for issue, the Group is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### 4.1 Compliance statement

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the IFRSs, IASs, interpretations as well as related guidance endorsed by the FSC with the effective dates.

##### 4.2 Basis of Preparation

- (1) Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
  - A. Financial assets measured at fair value through other comprehensive income.
  - B. Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- (2) The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

##### 4.3 Basis of consolidation

- (1) Basis for preparation of consolidated financial statements:
  - A. All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - B. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of



subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- C. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

(2) The consolidated entities were as follows:

Investee / Subsidiary	Main Businesses	Percentage of Ownership	
		December 31, 2022	December 31, 2021
Yeou Yih International Co., Ltd.	Wholesale of building materials and hardware	100.00%	100.00%

- A. The above-mentioned subsidiaries included in the consolidated financial report were audited.
- B. Changes in subsidiaries: None.

- (3) Subsidiaries not included in the consolidated financial reports: None.
- (4) Adjustments for subsidiaries with different balance sheet dates: None.
- (5) Material restrictions: None.
- (6) Contents of the parent company's securities held by subsidiaries: None.
- (7) Subsidiaries that have non-controlling interest that are material to the Group: None.

#### 4.4 Foreign currency translation

- (1) Foreign currency transactions and balance

- A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are premeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

#### **4.5 Classification of current and non-current items**

- (1) Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - A. Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
  - B. Assets held mainly for trading purposes;
  - C. Assets that are expected to be realized within twelve months from the balance sheet date;
  - D. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settled liabilities more than twelve months after the balance sheet date.
- (2) Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - A. Liabilities that are expected to be settled within the normal operating cycle;
  - B. Liabilities arising mainly from trading activities;
  - C. Liabilities that are to be settled within twelve months from the balance sheet date (Even if a long-term refinancing or re-arrangement of payment agreements is completed after the balance sheet date and before the issuance of the financial report is approved, it is classified as current liabilities);
  - D. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the

option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

#### **4.6 Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including the original maturity of the time deposits within three months.)

#### **4.7 Financial instruments**

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

Financial assets and financial liabilities are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

##### **(1) Financial assets**

The Group adopts trade-date accounting to recognize and derecognize financial assets.

A. Financial assets are classified into the following categories : financial at amortized cost and investments in equity instruments at (FVTOCI).

##### **(A) Financial assets at amortized cost**

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

- a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b. The contractual terms of the financial assets give rise on specified date to cash flow that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Except for the following two cases, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

- a. Purchased or originated credit-impaired financial assets: for those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- b. Financial assets that are not purchased or originated credit-impaired financial

assets but subsequently have become credit-impaired financial assets: for those financial assets, the Group shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

(B) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Group's right to receive the dividends is established, unless the Group's right clearly represent a recovery of part of the cost of the investment.

B. Impairment of financial assets

(A) At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivables and contract assets.

(B) The Group always recognizes lifetime Expected Credit Loss (i.e. ECL) for accounts receivable; contract assets and lease receivables. For other financial assets, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equaling to 12-month ECL.

(C) Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

(D) The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a

loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

#### C. Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

- (A) The contractual rights to receive cash flows from the financial asset expire.
- (B) The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- (C) The Group neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

On derecognition of financial assets at amortized cost in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received is recognized in profit or loss. On derecognition of investments in debt instruments measured at FVTOCI, the difference between the financial asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss. On derecognition of investments in equity instruments at FVTOCI in its entirety, the cumulative profit and loss will be transferred directly to retained earnings without reclassified into profit and loss.

#### (2) Equity instruments

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

#### (3) Financial liabilities

##### A. Subsequent measurement

Financial liabilities other than those held for trading purposes and designated as at FVTPL are subsequently measured at amortized cost at the end of each reporting periods.

- (A) Financial liabilities at FVTPL are financial liabilities designated as at FVTPL on initial recognition. Financial liabilities held for trading or financial liabilities are classified in this category of held for trading if acquired principally the purpose

of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at FVTPL on initial recognition:

- a. Hybrid (combined) contracts; or
- b. They eliminate or significantly reduce a measurement or recognition inconsistency; or
- c. They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

(B) Financial liabilities at FVTPL are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

(C) As for financial liabilities, the main changes in the classification and measurement relate to the subsequent measurement of financial liabilities designated as at fair value through profit or loss. The amount of change in the fair value of such financial liability attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above accounting treatment would create or enlarge an accounting mismatch in profit or loss, the Group presents all gains or losses on that liability in profit or loss.

#### B. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

#### (4) Modification of Financial Instruments

When the contractual cash flows of a financial instrument are renegotiated or modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liabilities using the original effective interest rate and recognises a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortised over the remaining term of the modified financial instrument. If the renegotiation or modification

results in that the derecognition of that financial instrument is required, then the financial instrument is derecognized accordingly.

If the basis for determining the contractual cash flows of a financial asset or financial liability changes resulting from interest rate benchmark reform and the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, the Group applies the practical expedient to account for that change as a change in effective interest rate. If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first applies the practical expedient aforementioned to the changes required by interest rate benchmark reform, and then applies the applicable requirements to any additional changes to which that practical expedient does not apply.

#### **4.8 Inventories**

Inventories are stated at the lower of cost and net realizable value, accounted for on a perpetual basis. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and costs necessary to make the sale.

#### **4.9 Property, plant and equipment**

- (1) Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. For property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.
- (2) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance expense are charged to profit or loss during the financial period in which they are incurred.
- (3) Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the



assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in accounting estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. Service lives are estimated as follows:

Buildings and structures, 10 to 50 years;

Machinery equipment, 2 to 11 years;

Transportation equipment, 5 to 6 years;

Office equipment, 2 to 8 years;

Other equipment, 4 to 11 years;

- (4) An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

#### **4.10 Intangible assets**

Intangible assets with finite useful lives that are acquired separately are measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the following estimated lives: computer software - 1 to 3 year. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Intangible assets are derecognized when disposed of or expected to have no future economic benefits generated through usage or disposal. On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

#### **4.11 Impairment of non-financial assets**

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist, the impairment loss shall be reversed to the extent of the loss previously recognized in profit or loss.

#### **4.12 Provisions**

Provisions (including short-term employee benefits and more) are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation



and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

#### **4.13 Employee benefits**

##### **(1) Short-term employee benefits**

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

##### **(2) Pensions**

###### **A. Defined contribution plans**

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund from the plan or a reduction in future contributions to the plan payments.

###### **B. Defined benefit plans**

(A) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheets in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the financial reporting period less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability (at the balance sheet date).

(B) Actuarial gains and losses arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

(C) Past service costs are recognized immediately in profit or loss.

##### **(3) Employees' compensation and directors' remuneration**

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' compensation and directors' and supervisors'

remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

**(4) Termination benefits**

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expense when it can no longer withdraw an offer of termination benefits or it recognizes related restructuring cost, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheets date shall be discounted to their present value.

**4.14 Capital stock**

Capital stock is classified as equity. Incremental cost that can be attributed to the issuance of stocks or options is deducted from the capital issued.

**4.15 Income tax**

- (1) The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- (2) The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- (3) Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- (4) Deferred income tax assets are recognized only to the extent that it is probable that future

taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

- (5) Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- (6) A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

#### **4.16 Revenue Recognition**

The Group recognizes revenue from contracts with customers in accordance with the principles and steps as stated below:

- (1) Identify the contract with the customer;
- (2) Identify the performance obligations in the contract;
- (3) Determine the transaction price;
- (4) Allocate the transaction price to the performance obligations in contracts; and
- (5) Recognize revenue upon satisfaction of performance obligations.

The Group does not adjust the transaction price in a contract for the effects of a significant financing component, if the period between when the customer pays for the goods or services and when the entity transfers the goods or services is one year or less.

Sales revenue from goods mainly comes from the sales of steel materials and stainless products. Sales revenue is recognized when the control of goods is passed to customers. Since customers have obtained the right to set the price and make use of the goods and assumed the responsibility for resale and risks of obsolescence, the Group recognizes revenue and accounts receivable at such time point, presented as the net amount after deducting sales returns, discounts and allowance.

When supplying materials for processing, significant risk and rewards of the processed goods is not transferred, in which case it is not recognized as revenue.

#### **4.17 Government subsidy**

Government subsidies are recognized at fair value when it is reasonably certain that the Group will comply with the conditions attached to the government subsidies and will receive such subsidies.

Government subsidies are recognized in profit and loss on a systematic basis during the

period when the relevant costs that they intend to compensate are recognized as expenses by the Group. If government subsidy is used to compensate for expenses or losses that have occurred, or for the purpose of providing the Group with immediate financial support and there is no future related cost, it is recognized in the profit and loss during the period when it can be received. Government subsidies related to property, plant and equipment are recognized as non-current liabilities, and recognized as profits and losses on a straight-line basis based on the estimated useful life of the relevant assets.

## **5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY**

The preparation of the Group's consolidated financial statements is adopting accounting policies based on the following significant judgements, significant accounting estimates and assumptions:

### **5.1 Critical judgements in applying accounting policies**

#### **(1) Revenue recognition**

The Group follows IFRS 15 to determine if it controls the specified good or service before that good or service is transferred to the customer, and the Group is acting as a principal or an agent in that transaction. When the Group acts as an agent, revenue is recognized on a net basis.

The Group acts as a principal as that it meets one of the following situations:

- a. The Group gains control over the goods from the other party before transferring goods to customers.
- b. The Group controls the right of providing service by the other party in order to control the ability of the party to provide service to customers.
- c. The Group gains control over goods or service from the other party in order to combine with other goods or services to provide specific goods or services to customers.

The indicators (not limited to) which assist making judgment on whether the Group controls the goods or services before transferring goods or services to customers:

- a. The Group has primary responsibilities for the goods or services it provides;
- b. The Group bears inventory risk before transferring the specific goods or services to customer, or after transferring the control to customer (for example, if the customer has the right to return).
- c. The Group has the discretion to set prices.

#### **(2) Judgment of financial asset classification**

The Group assesses the business model of financial assets based on the hierarchy that reflects the Group of financial assets that are jointly managed for specific business purposes. This assessment requires consideration of all relevant evidence, including measures of asset performance, risks affecting performance, and the manner in which the relevant managers are determined, and judgments are required. The Group continues

to assess the adequacy of its business model and monitors the financial assets measured by the amortized cost before the maturity date and the debt instrument investments measured at fair value through other comprehensive income. Evaluate whether the disciplinary action has the same goal of business model. If the business model has been changed, the Group delays the adjustment of the subsequent classification of financial assets. The Group reclassifies financial assets in accordance with IFRS 9, and the application will be postponed from the date of reclassification, if the business model has changed.

## **5.2 Critical accounting estimates and assumptions**

### **(1) Revenue Recognition**

The Group recognizes records a refund for estimated future returns and other allowances in the same period the related revenue is recorded. Refund for estimated sales returns and other allowances is generally made and adjusted at a specific percentage based on historical experience and any known factors that would significantly affect the allowance, and the management periodically reviews the adequacy of the percentage used.

### **(2) Impairment assessment of tangible and intangible assets**

In the course of impairment assessments, the Group determines, based on how assets are utilized and relevant industrial characteristics, the useful lives of assets and the future cash flows of a specific company of the assets. Changes in economic circumstances or the Group's strategy might result in material impairment of assets in the future.

### **(3) Realizability of deferred tax assets**

Deferred assets are recognized only to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized. The Group's management assesses the realizability of deferred tax assets by making critical accounting judgements and significant estimates of expected future revenue growth rate and gross profit rate, the tax exemption period, available tax credits, and tax planning, etc. Changes in global economic environment, industrial environment, and laws and regulations might result in material adjustments to deferred tax assets.

### **(4) Evaluation of inventories**

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. The Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value.

### **(5) Calculation of net defined benefit liability**

When calculating the present value of defined pension obligations, the Group uses judgments and actuarial assumptions to determine related estimates, including discount rates and future salary increase rate. Changes in these assumptions may have a

significantly impact on the carrying amount of defined pension obligations.

(6) Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

## 6. CONTENTS OF SIGNIFICANT ACCOUNTS

### 6.1 Cash and cash equivalents

Item	December 31	
	2022	2021
Cash on hand	\$97	\$103
Checking account	59	59
Demand deposits	77,204	60,100
Foreign currency deposits	134,439	48,024
Total	<u>\$211,799</u>	<u>\$108,286</u>

(1) The financial institutions dealing with the Group are credit worthy, and the Group's transactions with a number of financial institutions to diversify credit risk that are unlikely to be expected to default.

(2) The Group had no cash and cash equivalents pledged to others.

### 6.2 Accounts receivable, net

Item	December 31	
	2022	2021
At amortized cost		
Accounts receivable	\$45,947	\$103,422
Less: Loss allowance	-	-
Net	<u>\$45,947</u>	<u>\$103,422</u>

(1) The Group sells products mainly by collecting letters of credit in advance, and accounts receivable refers to the funds that have not yet been processed in the bank. The general work process can be collected in about 6 to 10 days.

(2) The Group adopts a simplified method to recognize the provision loss of accounts receivable based on the expected credit loss during the duration. The expected credit loss during the duration is calculated using a provision matrix, which takes into account the customer's past default history, current financial situation and industry economic trends. As the Group's credit loss historical experience shows that there is no significant difference in the loss patterns of different customer groups, the provision matrix does not further distinguish customer groups, and the expected credit loss rate is determined

by the number of days overdue accounts receivable.

(3) The Group measured the allowance for notes receivable, and accounts receivable to the provision matrix (including related parties):

December 31, 2022	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECL)	Amortized cost
Not past due	0%-0.5%	\$45,947	\$ -	\$45,947

December 31, 2021	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECL)	Amortized cost
Not past due	0%-0.5%	\$103,422	\$ -	\$103,422

(4) Movements of the loss allowance for notes receivable and accounts receivable were as follows:

	Year Ended December 31	
	2022	2021
Beginning balance	\$ -	\$ -
Add: Provision for impairment	-	-
Less: Reversal of impairment	-	-
Less: Derecognition	-	-
Less: Write-offs	-	-
Ending balance	\$ -	\$ -

The above provision has already taken into consideration of other credit enhancement. The other credit enhancement possessed by above receivables (such as L/C) were \$45,947 thousand and \$103,406 thousand as of December 31, 2022 and 2021, respectively.

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 of the receivable. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss. The Group's trade receivables for offsetting amount were both \$0 thousand for the years ended December 31, 2022 and 2021.

(5) Please refer to Note 12.2 for recognition on irrecoverable purchase contracts.

(6) The Group had no accounts receivable pledged to others.

### 6.3 Other receivables

Item	December 31	
	2022	2021
Receivable for business tax	\$15,952	\$15,783
Receivable for equipment	105	-



Interest receivable	47	-
Others	20	48
Total	<u>\$16,124</u>	<u>\$15,831</u>

#### 6.4 Inventories and cost of goods sold

Item	December 31	
	2022	2021
Raw materials	\$251,831	\$430,783
Supplies	1,172	1,068
Work in process	92,631	184,171
Finished goods	563,742	526,458
Total	<u>\$873,376</u>	<u>\$1,142,480</u>

- (1) The related inventory (gain) loss recognized as operating cost for the years ended December 31, 2022 and 2021 were as follows:

Item	Year Ended December 31	
	2022	2021
Cost of goods sold	\$3,165,244	\$2,329,666
Unallocated overheads	4,348	8,548
Loss on inventory valuation (recovery gain)	(1,351)	958
Total	<u>\$3,168,241</u>	<u>\$2,339,172</u>

- (2) The Group recognized inventory valuation loss (recovery gain) of (\$1,351) thousand and \$958 thousand for the years ended December 31, 2022 and 2021, respectively, due to inventory's write-down to net realizable value, or the net realizable value of inventories recovered as a result of market stabilization that enabled the Group to raise prices on certain products.

- (3) The Group had no inventories pledged to others.

#### 6.5 Other financial assets-current

Item	December 31	
	2022	2021
Pledged time deposits	\$3,300	\$3,300
Range of change	1.185%	0.560%

#### 6.6 Financial assets at fair value through other comprehensive income - noncurrent

Item	December 31	
	2022	2021
Equity instruments		
Domestic listed stocks	\$28,373	\$ -
Subtotal	\$28,373	\$ -
Evaluation adjustment	(1,543)	-
Total	<u>\$26,830</u>	<u>\$ -</u>



- (1) The Group invests in domestic (foreign) listed stocks in accordance with its medium/long-term strategies and expects to make a profit through long-term investment. Management of the Group believes that it is not consistent with the afore-mentioned long-term investment planning if the short-term fair value changes of such investment are presented in profit or loss. Therefore, the Group elects to designate such investment as to be measured at FVTOCI.
- (2) The Group adjusted its investment positions in 2022 and 2021 to diversify risks, and sold some domestic listed counter stocks at fair values of 13,266 thousand and 131,051 thousand respectively. Related other interests financial assets measured at fair value through other comprehensive gains and losses have not been realized. Gains and losses of 2,185 thousand and 7,789 thousand were transferred to retained earnings.
- (3) Please refer to Note 12 for relevant credit risk management and assessment methods.
- (4) The financial assets at FVTOCI were not pledged as collateral.

## 6.7 Property, plant and equipment

Item	December 31	
	2022	2021
Land	\$180,803	\$180,803
Buildings	90,919	90,709
Machinery and equipment	274,032	277,867
Transportation equipment	16,800	16,800
Office equipment	8,670	8,659
Miscellaneous equipment	20,387	20,120
Equipment to be inspected and construction in progress	31,444	3,277
Total cost	\$623,055	\$598,235
Less: Accumulated depreciation	(337,648)	(335,195)
Less: Accumulated impairment	-	-
Total	\$285,407	\$263,040

Cost	Equipment to be Inspected and Construction in Progress							Total
	Land	Buildings	Machinery and Equipment	Transportation equipment	Office equipment	Miscellaneous Equipment	Equipment to be Inspected and Construction in Progress	
Balance at January 1, 2022	\$180,803	\$90,709	\$277,867	\$16,800	\$8,659	\$20,120	\$3,277	\$598,235
Additions	-	823	8,888	-	328	912	29,092	40,043
Disposals	-	(876)	(12,723)	-	(317)	(763)	-	(14,679)
Reclassification	-	263	-	-	-	118	(381)	-
Transfer to expenses	-	-	-	-	-	-	(544)	(544)
Balance at December 31, 2022	\$180,803	\$90,919	\$274,032	\$16,800	\$8,670	\$20,387	\$31,444	\$623,055

Accumulated depreciation and impairment								
Balance at January 1, 2022	\$ -	\$43,260	\$259,737	\$6,265	\$7,892	\$18,041	\$ -	\$335,195
Depreciation	-	2,416	10,632	2,342	425	697	-	16,512
Disposals	-	(437)	(12,544)	-	(315)	(763)	-	(14,059)
Balance at December 31, 2022	\$ -	\$45,239	\$257,825	\$8,607	\$8,002	\$17,975	\$ -	\$337,648

Cost	Land	Buildings	Machinery and Equipment	Transportation equipment	Office equipment	Miscellaneous Equipment	Equipment to be Inspected and Construction in Progress	Total
Balance at January 1, 2021	\$180,803	\$90,709	\$276,927	\$14,541	\$8,489	\$20,119	\$ -	\$591,588
Additions	-	115	5,210	-	370	393	11,295	17,383
Disposals	-	(230)	(4,494)	(5,420)	(200)	(392)	-	(10,736)
Reclassification	-	115	(224)	7,679	-	-	(8,018)	-
Balance at December 31, 2021	\$180,803	\$90,709	\$277,867	\$16,800	\$8,659	\$20,120	\$3,277	\$598,235
Accumulated depreciation and impairment								
Balance at January 1, 2021	\$ -	\$40,852	\$250,866	\$5,509	\$7,475	\$17,788	\$ -	\$322,490
Depreciation	-	2,541	13,365	2,069	616	645	-	19,236
Disposals	-	(133)	(4,494)	(1,313)	(199)	(392)	-	(6,531)
Balance at December 31, 2021	\$ -	\$43,260	\$259,737	\$6,265	\$7,892	\$18,041	\$ -	\$335,195

(1) Reconciliations of current additions and the acquisition of property, plant and equipment in statements of cash flows were as follows:

Item	Year Ended December 31	
	2022	2021
Acquisition of property, plant and equipment	\$40,043	\$17,383
Decrease (increase) in equipment payable	(138)	1,575
Cash paid for acquisition of property, plant and equipment	\$39,905	\$18,958

(2) The details of interest capitalized: None.

(3) Impairment loss of property, plant and equipment: None.

(4) Partial property, plant and equipment pledged for the borrowings: Please refer to Note 8.

## 6.8 Intangible assets

Item	December 31	
	2022	2021
Computer software	\$705	\$905
Less: Accumulated amortization	(509)	(374)
Net	\$196	\$531

	Year Ended December 31	
	2022	2021
Cost		
Balance at January 1	\$905	\$838
Additions	443	643
Derecognition	(643)	(576)
Balance at December 31	<u>\$705</u>	<u>\$905</u>

	Year Ended December 31	
	2022	2021
Accumulated amortization		
Balance at January 1	\$374	\$128
Amortization	778	822
Derecognition	(643)	(576)
Balance at December 31	<u>\$509</u>	<u>\$374</u>

## 6.9 Short-term loans

Item	December 31, 2022	
	Short-term loans	Range of change
Material loans	<u>\$104,731</u>	1.535%

Item	December 31, 2021	
	Short-term loans	Range of change
Material loans	\$449,206	0.88%-0.95%
Secured loans	8,000	0.90%
Total	<u>\$457,206</u>	

Please refer to Note 8 for pledged asset information.

## 6.10 Other payables

Item	December 31	
	2022	2021
Salary and wages	\$18,484	\$13,631
Compensation to employees and remuneration to directors	11,152	7,304
Equipment	782	644

Fuel payable	1,110	750
Service fees payable	1,273	860
Supplies payable	2,064	1,006
Rebate	6,896	974
Interest	5	139
Others	9,267	9,213
Total	<u>\$51,033</u>	<u>\$34,521</u>

### 6.11 Provisions - current

Item	December 31	
	2022	2021
Employee benefits	\$1,583	\$1,407
Onerous purchase contracts	-	1,981
Total	<u>\$1,583</u>	<u>\$3,388</u>

Item	Employee benefits	Onerous purchase contracts	Total
Balance at January 1, 2022	\$1,407	\$1,981	\$3,388
Additional provisions recognized	2,368	-	2,368
Used in current period	(2,192)	(1,981)	(4,173)
Balance at December 31, 2022	<u>\$1,583</u>	<u>\$ -</u>	<u>\$1,583</u>

Item	Employee benefits	Onerous purchase contracts	Total
Balance at January 1, 2021	\$1,252	\$ -	\$1,252
Additional provisions recognized	2,147	1,981	4,128
Used in current period	(1,992)	-	(1,992)
Balance at December 31, 2021	<u>\$1,407</u>	<u>\$1,981</u>	<u>\$3,388</u>

- (1) Provision for employee benefits represents vested short-term service leave entitlements accrued.
- (2) Provision for onerous contracts are material purchase contracts in which the Group's unavoidable costs incurred in fulfilling contractual obligations exceed the economic benefits expected to be received from the contract. From 2022, when evaluating whether a contract is onerous, the cost of fulfilling the contract includes the incremental cost of fulfilling the contract and the allocation of other costs directly related to the fulfillment of the contract; before 2021, only the incremental cost of fulfilling the contract is included.

### 6.12 Pension

- (1) Defined Contribution Plans

- A. The pension plan under the Labor Pension Act is a defined contribution plan. Under the new plan, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.
- B. The total expenses contributed under the defined contribution plan were \$2,191 thousand and \$1,986 thousand for the years ended December 31, 2022 and 2021, respectively, and were recognized in the standalone statement of comprehensive income.

(2) Defined benefit plans

- A. The Group has defined benefit plan under the Labor Standards Law that provides benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Group contributes an amount equal to 4% of salaries paid each month to the respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Group assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the Bureau of Labor Funds, Ministry of Labor; as such, the Group does not have any right to intervene in the investments of the Funds. The contribute amount made to the Funds were both \$0 thousand in March, 2022 and 2021.
- B. The amounts recognized in the standalone balance sheets were determined as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$25,088	\$25,562
Fair value of plan assets	(13,238)	(11,597)
Net defined benefit liability	<u>\$11,850</u>	<u>\$13,965</u>

C. Movements in net defined benefit liability were as follows:

Item	Year Ended December 31, 2022		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$25,562	(\$11,597)	\$13,965
Cost of service			
Current service cost	407	-	407
Interest expense (income)	178	(82)	96

Recognized in profit and loss remeasurement	\$585	(\$82)	\$503
Return on plan asset (net interest income or expense excluded)	\$ -	(\$884)	(\$884)
Actuarial (gains) losses -			
Effect of change in demographic assumptions	-	-	-
Effect of change in financial assumptions	(1,905)	-	(1,905)
Experience adjustment	846	-	846
Recognized in other comprehensive income	(\$1,059)	(\$884)	(\$1,943)
Contributions from the employer	\$ -	(\$675)	(\$675)
Benefits paid	-	-	-
Balance at December 31	\$25,088	(\$13,238)	\$11,850

Item	Year Ended December 31, 2021		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$24,557	(\$10,833)	\$13,724
Cost of service			
Current service cost	398	-	398
Interest expense (income)	97	(44)	53
Recognized in profit and loss remeasurement	\$495	(\$44)	\$451
Return on plan asset (net interest income or expense excluded)	\$ -	(\$167)	(\$167)
Actuarial (gains) losses -			
Effect of change in demographic assumptions	69	-	69
Effect of change in financial assumptions	(925)	-	(925)
Experience adjustment	1,472	-	1,472
Recognized in other comprehensive income	\$616	(\$167)	\$449
Contributions from the employer	\$ -	(\$659)	(\$659)
Benefits paid	(106)	106	-
Balance at December 31	\$25,562	(\$11,597)	\$13,965

D. Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

(A) Investment risk

The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management by Bureau of Labor Funds, Ministry of Labor. However, the rate of return on the Group's planned assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.

(B) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, the return on the debt investments of the plan assets will also increase. Those two will partially offset each other.

(C) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

Item	Measurement date	
	December 31, 2022	December 31, 2021
Discount rate	1.35%	0.70%
Future salary increases rate	2.00%	2.00%
Average maturity period of defined benefit obligations	11 Years	11 Years

(A) Assumptions on future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table (TSO).

(B) If a reasonable change in one of the principal assumptions for actuarial valuation occurred and all other assumptions were held constant, the increase (decrease) in the present value of defined benefit obligation would be as follows:

Item	December 31	
	2022	2021
Discount Rate		
Increase 0.25%	(\$684)	(\$748)
Decrease 0.25%	\$711	\$778
Expected growth rate of salaries		
Increase 0.25%	\$704	\$766
Decrease 0.25%	(\$682)	(\$740)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

F. The Group expects to make contributions of \$751 thousand to the pension for the year ended December 31, 2023.

### 6.13 Share capital

(1) Movements in the number of the Group's ordinary shares outstanding were as follows:

Item	Year Ended December 31, 2022	
	Shares (in thousands)	Amount
Balance at January 1	90,220	\$902,203
Capital increase by cash	-	-
Balance at December 31	90,220	\$902,203

Item	Year Ended December 31, 2021	
	Shares (in thousands)	Amount
Balance at January 1	90,220	\$902,203
Capital increase by cash	-	-
Balance at December 31	90,220	\$902,203

(2) As of December 31, 2022, the authorized capital is \$1,200,000 thousand, consisting of 120,000 thousand shares.

#### 6.14 Capital surplus

Item	December 31	
	2022	2021
Share premium	\$8,087	\$8,087
Other	298	-
Total	\$8,385	\$8,087

Under the Group Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock and donations can be used to offset deficit or may be distributed as stock dividends or in cash. Under the regulations of the Security Exchange Law, the maximum amount transferred from the foregoing capital surplus to the Group's capital per year shall not be over 10% of the Group's paid-in capital. Capital surplus can't be used to offset deficit unless legal reserve is insufficient. The capital surplus from long-term investments may not be used for any purpose.

#### 6.15 Retained earnings and Dividends Policy

(1) According to the surplus distribution policy stipulated in the articles of association of the company, if there is a surplus in the company's annual final accounts, it shall be distributed in the following order:

(1) Paying taxes. (2) Offsetting losses. (3) After deducting the provisions of (1) and (2), if there is any balance, setting aside as legal reserve 10% of the remaining profit (4) In accordance with laws or relevant regulations, when necessary, special surplus reserves may be withdrawn from the current period's surplus items or surplus reserves may be retained at discretion, and will be included in surplus distribution after the withdrawal conditions are eliminated and reversed. (5) setting aside a special reserve in accordance with the laws and regulations, and the remainder plus prior year's unappropriated earnings will be recommended by the board of directors and approved through the shareholders' meeting.

The company distribute dividends on cash, after more than two-thirds of the directors, present at the meeting and more than half of the directors agree, the board of directors is authorized to do so and report to the general meeting of shareholders.

The Company's dividend policy is assort with current and future development plans, consider the capital expenditure demands of future and the maintenance of long-term



financial structure of sound, satisfying shareholder's cash inflow demands, shareholders' dividends shall be distributed at least 50% of the distributable earnings and at least 10% of total dividends may be distributed as cash dividends. However, if cash dividend less than 0.1 per share, the dividend will adopt the stock dividend.

The shareholder's meeting can consider demand and profit situation that does not distribute all or parts of earnings.

- (2) Legal reserve may be used to offset a deficit, and be transferred to capital or distributed in cash. However, legal reserve can be transferred to capital or distributed in cash only when the legal reserve has exceeded 25% of the Company's paid-in capital.
- (3) Special reserve

Item	December 31	
	2022	2021
Reserve for the debit balance of other equities	\$ -	\$ 693

While earning distribution, the earnings can be distributed after appropriation of the equivalent amount of the debit balance of the other equities of the balance sheet.

- (4) The appropriation of 2021 and 2020 earnings had been resolved at the shareholders' meeting in June 2022 and July 2021, respectively. Details were summarized below:

Item	Amount		Dividends Per Share	
	2021	2020	2021	2020
Legal reserve	\$14,759	\$ 357		
Special reserve	(693)	693		
Cash dividends	99,242	-	1.10	-
Total	\$113,308	\$ 1,050		

- (5) The appropriation of 2022 earnings had been proposed by the Board of Directors on March 17, 2023. Details were summarized below:

Item	Amount	Dividends Per Share
Legal reserve	\$21,679	
Special reserve	1,543	
Cash dividends	162,396	1.8
Total	\$185,618	

The appropriations of earnings for 2022 are to be presented for approval in the shareholders' meeting to be held in June 2023.

- (6) Information on the earnings appropriation proposed by the Company's Board of Directors and approved by the Company's shareholders is available on the Market Observation Post System website of the Taiwan Stock Exchange.

## 6.16 Other Equity Items

Item	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	
	2022	2021
Balance at January 1	\$ -	(\$693)
Unrealized gain(loss) on financial assets at fair value through other comprehensive income	642	8,482
Disposal Unrealized gain(loss) on financial assets at fair value through other comprehensive income	(2,185)	(7,789)
Balance at December 31	(\$1,543)	\$ -

## 6.17 Operating Revenue

Item	Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from sales of finished goods	\$3,064,566	\$2,134,824
Revenue from sales of raw materials	468,561	430,699
Revenue from sales of surplus materials	46,419	45,145
Processing revenue	5,007	2,220
Total sales revenue from contracts with customers	\$3,584,553	\$2,612,888
Less: Sales return	(1,159)	(1,180)
Sales discount	(52,586)	(20,133)
Net sales revenue from contracts with customers	\$3,530,808	\$2,591,575

### (1) Explain of contract revenue

Sales and processing income of steel coils and steel plates, etc. are mainly to downstream manufacturers, and are sold at fixed prices per contractual terms.

### (2) Segments of revenue from contracts with customers

The Group's revenue can be split into the following segments:

Year 2022 :

Main area of market	Steel revenue	Processing	Total
Taiwan	\$2,346,701	\$5,007	\$2,351,708
South Korea	638,410	-	638,410
Thailand	115,245	-	115,245
Others	425,445	-	425,445
Total	\$3,525,801	\$5,007	\$3,530,808
Time of revenue recognition			

Revenue recognized at a specific timing	\$3,525,801	\$5,007	\$3,530,808
Revenue recognized over time	-	-	-
Total	<u>\$3,525,801</u>	<u>\$5,007</u>	<u>\$3,530,808</u>

Year 2021 :

	Steel revenue	Processing	Total
<u>Main area of market</u>			
Taiwan	\$1,900,020	\$2,220	\$1,902,240
South Korea	261,867	-	261,867
Thailand	137,429	-	137,429
Others	290,039	-	290,039
Total	<u>\$2,589,355</u>	<u>\$2,220</u>	<u>\$ 2,591,575</u>
<u>Time of revenue recognition</u>			
Revenue recognized at a specific timing	\$2,589,355	\$2,220	\$2,591,575
Revenue recognized over time	-	-	-
Total	<u>\$2,589,355</u>	<u>\$2,220</u>	<u>\$2,591,575</u>

### (3) Contract balances

The Group recognized the accounts receivable, contract assets and contract liabilities related to customer contract revenue as follows:

	December 31	
	2022	2021
Accounts receivable	\$45,947	\$103,422
Contract assets	-	-
Total	<u>\$45,947</u>	<u>\$103,422</u>
Contract liabilities - current	<u>\$7,883</u>	<u>\$11,436</u>

#### A. Significant change in contract assets and contract liabilities

The change in contract assets and contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment, and there are no other significant changes.

#### B. The allowance for contract assets: None.

#### C. Amount from previous period's performance obligations satisfied and beginning contract liabilities recognized in the current period as income were as follows:

	Year Ended December 31	
Revenue in the current period	2022	2021
From beginning contract liabilities - goods sale	<u>\$11,436</u>	<u>\$3,141</u>
From previous period's satisfied performance	<u>\$ -</u>	<u>\$ -</u>

## 6.18 Labor cost, depreciation and amortization

Item	Year Ended December 31, 2022		
	Operating Cost	Operating Expenses	Total
Labor cost			
Salaries	\$39,375	\$40,096	\$79,471
Insurance	3,485	2,377	5,862
Pension	1,557	1,137	2,694
Others	3,248	1,394	4,642
Depreciation	13,380	3,132	16,512
Amortization	235	543	778
Total	<u>\$61,280</u>	<u>\$48,679</u>	<u>\$109,959</u>

Item	Year Ended December 31, 2021		
	Operating Cost	Operating Expenses	Total
Labor cost			
Salaries	\$33,856	\$31,316	\$65,172
Insurance	3,316	1,951	5,267
Pension	1,444	993	2,437
Others	2,641	1,053	3,694
Depreciation	16,265	2,971	19,236
Amortization	235	587	822
Total	<u>\$57,757</u>	<u>\$38,871</u>	<u>\$96,628</u>

(1) The Company accrued employees' compensation and remuneration to directors at the rates 2% and not higher than 3% of net income before income tax, employees' compensation and remuneration to directors during the period. In 2022 and 2021, employee remuneration and director remuneration are estimated at 2% of the aforementioned net income before income tax.

(2) The employees' compensation and remuneration to directors for the years ended December 31, 2022 and 2021 had been approved by the Company's Board of Directors meeting held on March 17, 2023 and March 11, 2022, respectively, and the relevant amounts recognized in the parent company only financial statement were as follows:

	Year ended December 31			
	2022		2021	
	Employees' compensation	Remuneration to directors	Employees' compensation	Remuneration to directors
Resolution amount of allotment	\$5,576	\$5,576	\$3,652	\$3,652

Recognized in financial statements	5,576	5,576	3,652	3,652
Difference	\$ -	\$ -	\$ -	\$ -

The above mentioned employees' compensation will be paid by cash.

- (3) Information about employee compensation and remuneration to directors approved by the board of directors is available at the Taiwan Stock Exchange Market Observation Post System website.

### 6.19 Interest income

Item	Year Ended December 31	
	2022	2021
Interest on bank deposits	\$593	\$47

### 6.20 Other income

Item	Year Ended December 31	
	2022	2021
Subsidies	\$1,752	\$3,150
Dividend income	820	-
Compensation	171	43
Others	2,626	1,760
Total	\$5,369	\$4,953

The Group applied for the subsidy of the process capacity improvement plan, recognized the government subsidy income of 1,570 thousand and 3,150 thousand for the years ended December 31, 2022 and 2021, respectively.

### 6.21 Other gains and losses

Item	Year Ended December 31	
	2022	2021
Gain on disposal of property, plant and equipment	\$300	(\$681)
Net currency exchange gain (loss)	12,367	8,580
Total	\$12,667	\$7,899

### 6.22 Finance cost

Item	Year Ended December 31	
	2022	2021
Interest on loans	\$1,826	\$1,394

Less: capitalized amount for qualified assets	-	-
Net	<u>\$1,826</u>	<u>\$1,394</u>

## 6.23 Income tax

### (1) Income tax expense (benefit) recognized in profit or loss

Item	Year Ended December 31	
	2022	2021
<u>Current income tax</u>		
Current tax expense	\$52,436	\$34,260
Undistributed surplus for income tax	1,129	-
Total	<u>\$53,565</u>	<u>\$34,260</u>
<u>Deferred income tax</u>		
Origination and reversal of temporary differences	\$1,255	\$892
Total	<u>\$1,255</u>	<u>\$892</u>
Income tax expense (benefit)	<u>\$54,820</u>	<u>\$35,152</u>

The applicable tax rate used by the company is 20%. In addition, the tax rate applicable to unappropriated earnings is 5%.

According to the amendments to the Statute for Industrial Innovation announced in July 2019, the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Company has already deducted the amount of the unappropriated earnings that has been reinvested as capital expenditures.

### (2) Income tax expense (benefit) recognized in other comprehensive income was as follows :

Item	Year Ended December 31	
	2022	2021
Remeasurement of defined benefit plans	<u>(\$389)</u>	<u>\$90</u>

### (3) Reconciliation of income before income tax and income tax expense recognized in profit or loss is as follows:

Item	Year Ended December 31	
	2022	2021
Income (loss) before income tax	<u>\$267,871</u>	<u>\$175,318</u>
Income tax expense at the statutory rate	53,574	35,063
Tax effect of adjusting items:		
Realized (unrealized) loss (gain) on inventories	(270)	192
Realized (unrealized) pension	(34)	(41)
Others	(834)	1,324
Undistributed surplus for income tax	1,129	-
Income tax impact of loss carryforwards	-	(2,278)
Deferred income tax expense		

Loss carryforwards	-	2,278
Temporary differences	1,255	(1,386)
Income tax expense recognized in profit or loss	<u>\$54,820</u>	<u>\$35,152</u>

(4) Deferred tax assets and liabilities from temporary differences:

Item	Year Ended December 31, 2022			
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax assets:				
Temporary differences				
Unrealized pension	\$2,794	(\$34)	(\$389)	\$2,371
Unrealized loss on inventories	272	(270)	-	2
unused compensated absences	281	35	-	316
Others	1,066	(946)	-	120
Subtotal	<u>\$4,413</u>	<u>(\$1,215)</u>	<u>(\$389)</u>	<u>\$2,809</u>
Deferred income tax liabilities:				
Temporary differences				
Unrealized exchange gain	(\$5)	(\$40)	\$ -	(\$45)
Subtotal	<u>(\$5)</u>	<u>(\$40)</u>	<u>\$ -</u>	<u>(\$45)</u>
Net	<u>\$4,408</u>	<u>(\$1,255)</u>	<u>(\$389)</u>	<u>\$2,764</u>

Item	Year Ended December 31, 2021			
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax assets:				
Temporary differences				
Unrealized pension	\$2,745	(\$41)	\$90	\$2,794
Unrealized loss on inventories	80	192	-	272
Unused compensated absences	250	31	-	281
Others	13	1,053	-	1,066
Loss carryforwards	2,278	(2,278)	-	-
Subtotal	<u>\$5,366</u>	<u>(\$1,043)</u>	<u>\$90</u>	<u>\$4,413</u>
Deferred income tax liabilities:				
Temporary differences				
Unrealized exchange gain	(\$156)	\$151	\$ -	(\$5)
Subtotal	<u>(\$156)</u>	<u>\$151</u>	<u>\$ -</u>	<u>(\$5)</u>
Net	<u>\$5,210</u>	<u>(\$892)</u>	<u>\$90</u>	<u>\$4,408</u>

(5) Not recognized as deferred income tax asset item:

Item	December 31	
	2022	2021

Deductible temporary differences	\$	-	\$3
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(6) Income tax returns through 2020 had been examined and cleared the tax authorities.

## 6.24 Other comprehensive income (loss)

Item	Year Ended December 31, 2022		
	Other Comprehensive Income (Loss), Before Tax	Income tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that will not be reclassified subsequently to profit or loss :			
Remeasurement of defined benefit plans	\$1,943	(\$389)	\$1,554
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	642	-	642
Recognized in other comprehensive income (loss)	\$2,585	(\$389)	\$2,196

Item	Year Ended December 31, 2021		
	Other Comprehensive Income (Loss), Before Tax	Income tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that will not be reclassified subsequently to profit or loss :			
Remeasurement of defined benefit plans	(\$449)	\$90	(\$359)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	8,482	-	(8,482)
Recognized in other comprehensive income (loss)	\$8,033	\$90	\$8,123

## 6.25 Earnings per share

Item	Year Ended December 31	
	2022	2021
(1)Basic earnings (loss) per share		
Net income	\$213,051	\$140,166
Weighted average shares outstanding (in thousands)	90,220	90,220
Basic earnings per share (after tax)	\$2.36	\$1.55
(2)Diluted earnings (loss) per share		



Net income	\$213,051	\$140,166
Effect of potential dilutive ordinary shares	-	-
Net income used in computation of diluted earnings per share	\$213,051	\$140,166
Weighted average shares outstanding (in thousands)	\$90,220	\$90,220
Impact on employees' compensation (Note)	326	205
Weighted average number of ordinary shares outstanding after dilution (in thousands)	\$90,546	\$90,425
Diluted earnings per share (after tax)	\$2.35	\$1.55

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

## 7. RELATED PARTY TRANSACTIONS

### 7.1 Parent and ultimate controlling party

The Company does not have a parent company nor ultimate controller.

### 7.2 Related party name and category:

Related Party Name	Related party category
Pacific Harbour Stevedoring Corp.	Other related party
Sym Wang Iron Steel Co., Ltd.	Other related party
Sumi Steel Co., Ltd.	Other related party

### 7.3 Significant transactions with related parties

#### (1) Sales

Related Party Category	Year Ended December 31	
	2022	2021
Other related parties	\$8	\$1

Selling prices with the related parties are equivalent to those with ordinary customers. Collection period was 1 month.

(2) Purchase: None.

(3) Contract assets: None.

(4) Contract liabilities: None.

(5) Balance of receivables (excluding lending to related parties and contract assets): None.

(6) Balance of payables (excluding borrowing from related parties):

Related Party Category	December 31	
	2022	2021
Notes payables:		
Other related parties	\$36	\$132
Accounts payables:		
Other related parties	\$3	\$102

(7) Prepayments: None.

(8) Property transactions

A. Acquisition of property, plant and equipment: None.

B. Disposal of property, plant and equipment:

Year 2022: None.

Year 2021:

Related Party Category	Transaction Target	Disposal Price	Disposal Loss
Sym Wang Iron Steel Co., Ltd.	Transportation equipment	\$3,524	(\$583)

Above mentioned transaction prices were negotiated by both parties, as of December 31, 2022 the priced were received.

(9) Lessee arrangements: None.

(10) Rent arrangements: None.

(11) Financing activities - lending: None.

(12) Financing activities - borrowing: None.

(13) Guarantee for related parties: None.

(14) Others:

A. Miscellaneous expenses:

Related Party Category	Year Ended December 31	
	2022	2021
Other related parties	\$553	\$2,233

Other expenses were mainly loading fee and consumables, etc.

B. Key management compensation:

Item	Year Ended December 31	
	2022	2021
Salaries and other short-term employee benefits	\$24,640	\$18,100

Post-employment benefits	417	346
Total	<u>\$25,057</u>	<u>\$18,446</u>

## 8. PLEDGED ASSETS

The following assets have been pledged as collateral for long-term and short-term loans:

Item	December 31	
	2022	2021
Property, plant and equipment (net)	\$86,625	\$87,341
Other financial assets - current	3,300	3,300
Total	<u>\$89,925</u>	<u>\$90,641</u>

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

- (1) As of December 31, 2022, and 2021, the Group issued guarantee notes for bank loans amounting to \$304,720 thousand and \$200,000 thousand, respectively.
- (2) As of December 31, 2022 and 2021, the Group received guarantee notes from customers for contract performing and securing creditor's rights amounting to both \$6,837 thousand.
- (3) As of December 31, 2022 and 2021, the Group applied to the Taiwan Small & Medium Enterprise Counseling Foundation for a process capability improvement plan, and the bank provided a performance guarantee amounting to \$1,573 thousand and \$3,150 thousand, respectively.
- (4) The unused letters of credit as of December 31, 2022 and 2021, were as follows:

Item	December 31	
	2022	2021
Foreign L/C Amount	USD 25	USD 7,057
Domestic L/C Amount	NTD 95,802	NTD 94,923

## 10. SIGNIFICANT DISASTER LOSS: NONE.

## 11. SIGNIFICANT SUBSEQUENT EVENTS: NONE.

## 12. OTHERS

### (1) Capital risk management

As the Group needs to maintain sufficient capital to meet the needs for expansion and plant and equipment improvement, capital management of the Group focuses on ensuring there are sufficient financial resources and operating plans to meet the demands for operating capital, capital expenditure, research and development expense, loan repayment and dividend distribution in the next 12 months.

### (2) Financial Instruments

#### A. Financial risk of financial instruments

### Financial risk management policies

The Group's daily operations are affected by various financial risks, e.g. market risk (including exchange rate, interest rate and price risks), credit risk and liquidity risk. The Group is devoted to identify, assess and avoid market uncertainties in order to eliminate the potential adverse effects of market changes on the financial performance.

Before engaging in significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. While the financial plan is underway, the Group shall comply with relevant financial operation procedures on the overall financial risk management and segregation of duties at all times.

### The nature and degree of significant financial risks

#### (A) Market risks

##### a. Foreign exchange rate risk

- (a) The Group is exposed to exchange rate risk arising from the sales, purchases and borrowings in currencies other than the Group's functional currency, as well as from net investment of foreign operations. Functional currencies adopted by entities within the Group mainly comprise New Taiwan Dollars, such transactions are denominated mainly in USD. To avoid a decrease in the value of assets dominated in foreign currency and volatility in future cash flows due to changes in exchange rates, the Group hedges the exchange rate risk with foreign-currency borrowings and derivative financial instruments. Those derivative financial instruments can diminish but not completely eliminate the impacts of changes in exchange rate.

##### (b) Foreign currency risk and sensitivity analysis:

December 31, 2022						
	Foreign Currency	Exchange rate	Carrying Value (NTD)	Sensitivity analysis		
				Variation	Profit and Loss Impact	Equity Impact
<u>Financial assets</u>						
<u>Monetary item</u>						
USD:NTD	4,621	30.71	141,911	increase 1%	1,419	-
<u>Financial liabilities</u>						
<u>Monetary item</u>						
USD:NTD	71	30.71	2,178	increase 1%	(22)	-
December 31, 2021						
	foreign currency	Exchange rate	Carrying Value (NTD)	Sensitivity analysis		
				Variation	Profit and Loss Impact	Equity Impact
<u>Financial assets</u>						

Monetary item						
USD:NTD	2,788	27.68	77,183	increase 1%	772	-
Financial liabilities						
Monetary item						
USD:NTD	1,071	27.68	29,645	increase 1%	(296)	-

If NTD appreciates against the above-mentioned currencies, held all other variables constant, the impact generated as of December 31, 2022 and 2021 would stay the same with the reverse result.

Due to the exchange rate volatility, total exchange gain and loss (including realized and unrealized) from the Group's monetary items amounted to \$12,367 thousand and \$8,580 thousand for the years ended December 31, 2022 and 2021, respectively.

b. Price risk

Since the Group's investment in securities is classified as financial assets at FVTPL and FVTOCI on the standalone balance sheet, the Group exposes to price risks of securities. The Group mainly invests in domestic listed. The price of such securities can be affected by changes in future value of those investment targets. If the equity instrument price increase or decrease by 1%. The post-tax other comprehensive income for the years ended December 31, 2022 and 2021 will increase or decrease by \$268 thousand and \$0 thousand due to the increase or decrease of the fair value of financial assets measured at FVTOCI.

c. Interest rate risk

The carrying amount of the Group's financial assets and financial liabilities that are exposed to interest rate risk at the reporting date is stated as follows:

Item	Carrying Value	
	December 31, 2022	December 31, 2021
With fair value interest rate risk:		
Financial assets	\$3,300	\$3,300
Financial liabilities	-	-
Net	\$3,300	\$3,300
With cash flow interest rate risk:		
Financial assets	\$211,643	\$108,124
Financial liabilities	(104,731)	(457,206)
Net	\$106,912	(\$349,082)

(a) Sensitivity analysis of those with fair value interest rate risk:

The Group does not classify any fixed-rate instruments as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. In addition, the Group does not designate derivatives (interest rate swap) as hedge instruments under hedge accounting. Therefore, the change of interest rate at reporting date does not have influence on net

income and other comprehensive income.

(b) Sensitivity analysis of those with cash flow interest rate risk:

The interest-fluctuate instruments possessed by the Group were floating-interest assets (liabilities). Therefore the effective interest rate, as well as the future cash flows, changes along with the market movement. Every one percent increase in the market interest will decrease the net profit by \$1,069 thousand and (\$3,491) thousand for the years ended December 31, 2022 and 2021, respectively.

(B) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a contract leading to a financial loss to the Group. The Group is exposed to credit risk from operating activities, primarily accounts receivables, and from investing activities, primarily deposit and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

a. Business elated credit risk

In order to maintain the credit quality of accounts receivables, the Group has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed in the consideration of the relevant factors which may affects the customer's paying ability such as financial condition, external and internal credit scoring, historical experience, and economic conditions.

b. Financial credit risk

The Group's exposure to financial credit risk which pertained to bank deposits and other financial instruments were evaluated and monitored by Group Treasury function. The Group only deals with creditworthy counterparties, banks, and government so that no significant credit risk was identified. In addition, the Group has no financial assets at amortized and investments in debt instruments at fair value through other comprehensive income.

(a) Credit concentration risk

As of December 31, 2022 and 2021, the Group's ten largest customers accounted for 79.87% and 86.21% of accounts receivable, respectively.

(b) Measurement of expected credit impairment loss

(I) Accounts receivables adopts a simplified approach. Please refer to Note 6.2.

(II) Collaterals and other credit enhancement held to avoid credit risks from financial assets

The following table shows the maximum exposure to credit risk regarding financial assets recognized in the standalone balance sheets, pledged collateral, master netting arrangements and other credit enhancement held by the Group:

Decreased amount of maximum exposure to credit risks

December 31, 2022	Carrying amount	Collateral	Net settlement agreement	Other credit enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS 9 are applicable	\$ -	\$ -	\$ -	\$ -	\$ -
Financial instruments to which the impairment requirements of IFRS 9 are not applicable:					
Financial assets measured at FVTOCI	26,830	-	-	-	-
Total	<u>\$26,830</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021: None.

(C) Liquidity risk

a. Liquidity risk management:

The objective of liquidity risk management is to ensure the Group has sufficient liquidity to fund its business requirements of cash and cash equivalents and the unused of financing facilities associated with existing operations.

b. Financial liabilities with repayment periods:

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

Non-derivative financial liabilities :	December 31, 2022						
	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years	Contract cash flow	Carrying amount
Short-term loans	\$104,731	\$ -	\$ -	\$ -	\$ -	\$104,731	\$104,731
Notes payable	6,299	-	-	-	-	6,299	6,299
Accounts payable	71,999	-	-	-	-	71,999	71,999
Other payables	51,033	-	-	-	-	51,033	51,033
Subtotal	<u>\$234,062</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$234,062</u>	<u>\$234,062</u>

Non-derivative financial liabilities:	December 31, 2021						
	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years	Contract cash flow	Carrying amount
Short-term loans	\$449,206	\$8,000	\$ -	\$ -	\$ -	\$457,206	\$457,206
Notes payable	5,455	-	-	-	-	5,455	5,455
Accounts payable	35,375	-	-	-	-	35,375	35,375
Other payables	34,521	-	-	-	-	34,521	34,521
Subtotal	<u>\$524,557</u>	<u>\$8,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$532,557</u>	<u>\$532,557</u>

The Group does expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

#### B. Types of Financial instruments

Financial assets	December 31	
	2022	2021
Financial assets at amortized cost		
Cash and cash equivalents	\$211,799	\$108,286
Notes receivable and account receivable (including related parties)	45,947	103,422
Other receivables	16,124	15,831
Other financial assets - current	3,300	3,300
Refundable deposits	635	680
Financial assets at FVTOCI - noncurrent	26,830	-
Financial liabilities		
Financial liabilities at amortized cost		
Short-term loans	104,731	457,206
Notes payable and account payables (including related parties)	78,298	40,830
Other payables	51,033	34,521

#### (3) Fair Value Information

A. For information on fair value of financial assets and financial liabilities not measured at fair value, please refer to Note 12(3)C.

B. Definition of the three levels in fair value:

##### Level 1:

Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

##### Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The Group does not hold financial assets and financial liabilities of Level 2.

##### Level 3

Unobservable inputs for the asset or liability. The Group does not hold financial assets and financial liabilities of Level 3.

C. Financial instruments not measured at fair value

The Group considers that the carrying amounts of financial instruments including cash



and cash equivalents, receivables, other financial assets, refundable deposits, short-term loans and payables that are not measured at fair value approximate their fair values.

D. Fair value hierarchy:

The fair value hierarchy of financial instrument is measured at fair value on a recurring basis. Information about the Group's fair value hierarchy was disclosed in the following table:

Item	December 31, 2022			Total
	Level 1	Level 2	Level 3	
Assets:				
<u>Recurring fair value</u>				
Financial assets at FVTOCI				
Domestic listed stocks	\$26,830	\$ -	\$ -	\$26,830

December 31, 2021: None.

E. Fair value valuation technique for instruments measured at fair value:

(A) The fair value of financial instruments with quoted prices in active markets is the quoted market prices. Market prices published by major trading centers and exchanges for on-the-run government bonds are the basis for the fair value of listed equity instruments and debt instruments with quoted prices in active markets. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry guild, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If one of the conditions fails, the market is not deemed active. In general, indications of an inactive market include a wide bid-ask spread, a significant increase in the bid-ask spread and low level of trading volume. The fair value of financial instruments with active markets held by the Group are stated by their natures and types as follows:

- a. Listed stocks: closing prices
- b. OTC stocks: closing prices

F. Transfers between Level 1 and Level 2 fair value hierarchy: None.

G. Statement of changes in Level 3 fair value hierarchy: None.

(4) Transfer of financial assets: None.

(5) Offset of financial assets and liabilities: None.

### 13. SUPPLEMENTARY DISCLOSURES

A. Significant transactions information

- (A) Financings provided: None.
- (B) Endorsement/guarantee provided: None.
- (C) Marketable securities held: Table 1.

- (D) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
  - (E) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.
  - (F) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
  - (G) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None.
  - (H) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
  - (I) Information about the derivative financial instruments transaction: None.
  - (J) The business relationship between the parent and the subsidiaries and significant transactions between them: Table 2.
- B. Information on investees: Table 3.
- C. Information on investments in Mainland China: Not applicable.
- D. Information on major shareholders (including name of the shareholders with shareholding above 5%, shares held and shareholding ratio): Table 4.

Table 1

**YEOU YIH STEEL CO., LTD. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD**

DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars: thousand shares)

Investor	Type and Name of Securities	Relationship with the Issuer	General Ledger Account	Ending balance				Remarks
				Number of Shares (in thousands)	Carrying Value	Percentage of Ownership	Fair Value	
Yeou Yih steel Co., Ltd.	Stock-Formosa Plastics Corporation	-	Financial assets at fair value through other comprehensive income or loss - noncurrent	200	17,360	-	17,360	-
	Stock-Taiwan Mobile CO., LTD.	-	Financial assets at fair value through other comprehensive income or loss - noncurrent	100	9,470	-	9,470	-

Table 2

**YEOU YIH STEEL CO., LTD. AND SUBSIDIARIES**  
**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**  
DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Account	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	Yeou Yih Steel CO., LTD.	Yeou Yih International Co., Ltd.	1	Sales revenues	26,808	The sales terms between the parent and the subsidiary are equivalent to those of other clients. The collection period is one months.	0.76%

Note 1: The description of the number column is as follows:

(1) The issuer is represented in 0.

(2) The investee company is numbered sequentially from Arabic numeral 1. °

Note 2: There are three types of relationships with traders. The type of mark is as follows:

(1) No. 1 represents the transactions from parent company to subsidiary.

(2) No. 2 represents the transactions from subsidiary to parent company.

(3) No. 3 represents the transactions between subsidiaries.

Note 3: The ratio of transaction amount to consolidated revenues or total assets is calculated as follows:

(1) asset/liability items: ending balance to total assets;

(2) profit and loss items: accumulated amount to consolidated revenues.

Note 4: The above-mentioned parent-subsidiary transactions have been eliminated.

Table 3

**YEOU YIH STEEL CO., LTD. AND SUBSIDIARIES****NAMES, LOCATIONS AND OTHER INFORMATION OF INVESTEE COMPANIES (EXCLUDING INVESTEE IN MAINLAND)**

DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee
				As of December 31, 2022	As of December 31, 2021	Shares (In Thousands)	Percentage of Ownership	Carrying Value		
Yeou Yih steel Co., Ltd.	Yeou Yih International Co., Ltd.	Kaohsiung	Wholesale of building materials and hardware	20,000	20,000	2,000	100%	20,673	904	904

Note : The above-mentioned parent-subsidary transactions have been eliminated.

Table 4

**YEOU YIH STEEL CO., LTD. AND SUBSIDIARIES**  
**INFORMATION ON MAJOR SHAREHOLDERS**  
**DECEMBER 31, 2022**

Unit: share)

Name of Major Shareholder	Number of Shares	Percentage of Ownership (%)
YU SHENG INVESTMENT & DEVELOPMENT CO.,LTD	5,409,129	5.99%

Note: The information of major shareholders is 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 (included treasury shares) by the Company. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

## 14. SEGMENT INFORMATION

### (1) General information

The Group operates business only in the producing and sales of stainless steel products. The chief operating decision-maker, chairman who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

### (2) Measurement basis

Management monitors the operation results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss before tax and is measured consistently with profit or loss before tax in the consolidated financial statements.

### (3) Information on product:

The Group operates business only in a single industry. The main product of the Group is stainless steel products, so the Group does not need to disclose the information on product.

### (4) Geographic information:

#### A. Sales from external customers(Sort based on country of delivery)

Item	Year ended December 31	
	2022	2021
Taiwan	\$2,351,708	\$1,902,240
South Korea	638,410	261,867
Thailand	84,645	137,429
Europe	55,370	18,850
Vietnam	40,248	28,789
Malaysia	115,245	17,079
Japan	26,143	35,511
Singapore	82,965	46,293
Indonesia	91,050	23,225
Others	45,024	120,292
Total	\$3,530,808	\$2,591,575

#### B. Noncurrent Assets

Item	Year ended December 31	
	2022	2021
Taiwan	\$285,603	\$263,571

C. Major customers:

Client Name	Year ended December 31, 2022	
	Amount	Percentage
Company A	\$771,296	21.84%
Company B	677,546	19.19%
Company C	450,801	12.77%

Client Name	Year ended December 31, 2021	
	Amount	Percentage
Company A	\$760,990	29.36%
Company B	447,293	17.26%
Company C	327,241	12.63%



## **Independent Auditors' Report**

To the Board of Directors and Shareholders  
Yeou Yih Steel Co., Ltd.

### **Opinion**

We have audited the accompanying standalone statements of Yeou Yih Steel Co., Ltd. (the "Company") as of December 31, 2022 and 2021, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2022 and 2021, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's standalone financial statements for the year ended December 31, 2022 are stated as follows:

### **Valuation of inventory**

Please refer to Note 4.7 to the standalone financial statements for the accounting policy on inventories, Note 5.2(5) for critical accounting judgements, estimates and key sources of assumption uncertainty of inventories, and Note 6.4 for inventory valuation.

#### Description of key audit matter

As of December 31, 2022, inventory was \$871,404 thousand and accounted for 58.34% of the total assets. The inventory valuation is measured at the lower of inventory cost and net realizable value. Since inventory valuation is dependent on the influence of frequently volatile fluctuations of nickel price, further affecting stainless steel price.

#### How the matter was addressed in our audit

In relation to the key audit matter above, our principal audit procedures included evaluating the correctness of the valuation allowance, rationality of evaluation loss, preciseness of evaluation allowance of the past and comparing which with that of current period to see if the estimation method and assumption was appropriate, and examining the appropriateness of the related disclosure of the inventory allowance.

### **Revenue recognition**

Please refer to Note 4.16 to the standalone financial statements for the accounting policy on revenue recognition, Note 5.1(1) and 5.2(1) for critical accounting judgements, estimates and key sources of assumption uncertainty of revenue recognition and Note 6.18 for the details of revenue recognition.

#### Description of key audit matter

The Company sales revenue is easily influenced by various factors such as the industry boom, market environment and government policies, and has a significant impact on the capacity utilization rate of the Company (the recognition of idle capacity loss), inventory risk and cash flow. Consequently, revenue recognition is deemed to be a key audit matter.

### How the matter was addressed in our audit

In relation to the key audit matter above, our principal audit procedures included testing the Company's controls surrounding revenue recognition; customer orders and performing a test of revenue transactions which incurred within a certain period before or after the balance sheet date; analysing of the trend of product sales and comparing the number of relevant changes or differences with the budget to confirm whether there is a significant exception; and evaluating the orders and related document of bill-and-hold sales, in which delivery is delayed at the buyer's request but the buyer takes the title and accept the billing, to see if the risk and reward had been transferred to the buyer for revenue recognition.

### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the standalone financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (inclusive of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report is Kuo Ming Lee and Ling Wen Huang

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Crowe (TW) CPAs  
Kaohsiung, Taiwan  
Republic of China

March 17, 2023

Notice to Readers

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

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

YEOU YIH STEEL CO., LTD.  
STANDALONE BALANCE SHEETS  
(In Thousands of New Taiwan Dollars)

Assets	Note	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6.1	\$185,304	12	\$88,682	5
Accounts receivable, net	6.2	45,947	3	103,422	6
Account receivable - related parties, net	6.2,7	7,541	1	-	-
Other receivables	6.3	15,885	1	15,647	1
Current income tax assets		-	-	1,547	-
Inventories	6.4	871,404	58	1,142,480	68
Prepayments		27,725	2	38,172	3
Other financial assets - current	6.5	3,300	-	3,300	-
Total current assets		1,157,106	77	1,393,250	83
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income or loss - noncurrent	6.6	26,830	2	-	-
Investments accounted for using equity method	6.7	20,673	1	20,060	1
Property, plant and equipment	6.8	285,407	20	263,040	16
Intangible assets	6.9	196	-	531	-
Deferred income tax assets	6.24	2,788	-	4,413	-
Refundable deposits		635	-	680	-
Total noncurrent assets		336,529	23	288,724	17
TOTAL ASSETS		\$1,493,635	100	\$1,681,974	100
Liabilities and Equity					
CURRENT LIABILITIES					
Short-term loans	6.10	\$104,731	8	\$457,206	27
Contract liabilities - current	6.18	7,234	-	11,407	1
Notes payable		6,299	-	5,455	-
Accounts payable		71,999	5	35,375	2
Other payables	6.11	50,890	3	34,365	2
Current tax liabilities		36,186	2	34,261	2
Provisions - current	6.12	1,583	-	3,388	-
Total current liabilities		\$278,922	18	\$581,457	34

Liabilities and Equity	Note	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
NONCURRENT LIABILITIES					
Deferred income tax liabilities	6.24	\$13	-	\$5	-
Net defined benefit liability - noncurrent	6.13	11,850	1	13,965	1
Total noncurrent liabilities		11,863	1	13,970	1
TOTAL LIABILITIES		290,785	19	595,427	35
EQUITY					
Share capital	6.14				
Common stock		902,203	60	902,203	55
Capital surplus	6.15	8,385	1	8,087	-
Retained earnings	6.16				
Legal reserve		37,852	3	23,093	1
Special reserve		-	-	693	-
Unappropriated earnings		255,953	17	152,471	9
Other equity	6.17	(1,543)	-	-	-
TOTAL EQUITY		1,202,850	81	1,086,547	65
TOTAL LIABILITIES AND EQUITY		\$1,493,635	100	\$1,681,974	100

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

YEOU YIH STEEL CO., LTD.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME

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

Item	Note	Year Ended December 31			
		2022		2021	
		Amount	%	Amount	%
OPERATING REVENUE	6.18	\$3,531,799	100	\$2,590,494	100
OPERATING COST	6.4	(3,170,213)	(89)	(2,339,172)	(90)
GROSS PROFIT (LOSS)		361,586	11	251,322	10
UNREALIZED SALES BENEFIT		(291)	-	-	-
OPERATING EXPENSES					
Sales and marketing		(40,757)	(1)	(32,762)	(1)
General and administrative		(70,058)	(2)	(55,265)	(2)
Total operating expenses		(110,815)	(3)	(88,027)	(3)
INCOME (LOSS) FROM OPERATIONS		250,480	8	163,295	7
NON-OPERATING INCOME AND EXPENSES					
Interest income	6.20	534	-	43	-
Other income	6.21	5,489	-	5,073	-
Other gains and losses	6.22	12,064	-	7,928	-
Finance cost	6.23	(1,826)	-	(1,394)	-
Share of profit (loss) of subsidiaries, associates and joint ventures		904	-	373	-
Total non-operating income and expenses		17,165	-	12,023	-
INCOME (LOSS) BEFORE INCOME TAX		267,645	8	175,318	7
INCOME TAX BENEFIT (EXPENSE)	6.24	(54,594)	(2)	(35,152)	(1)
NET INCOME (LOSS)		213,051	6	140,166	6
OTHER COMPREHENSIVE INCOME (LOSS)	6.25				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation		1,943	-	(449)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		642	-	8,482	-
Income tax benefit (expense) related to items that will not be reclassified subsequently to profit or loss		(389)	-	90	-
Total other comprehensive income (loss), net of income tax		2,196	-	8,123	-
TOTAL COMPREHENSIVE INCOME (LOSS)		\$215,247	6	148,289	6
EARNINGS (LOSS) PER SHARE					
Basic earnings (loss) per share	6.26	\$2.36		\$1.55	
Diluted earnings (loss) per share	6.26	\$2.35		\$1.55	

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



YEOU YIH STEEL CO., LTD.  
STANDALONE STATEMENTS OF CHANGES IN EQUITY  
(In Thousands of New Taiwan Dollars)

	Retained Earnings					Other Equity Item	
						Unrealized	
						Gain (Loss) on	
						Financial Assets at Fair	
						Value Through Other	
	Common Stock	Capital Surplus	Legal reserve	Special Reserve	Unappropriated	Comprehensive Income	Total Equity
					Earnings		
BALANCE AT JANUARY 1, 2021	\$902,203	\$8,087	\$22,736	\$ -	\$5,925	(\$693)	\$938,258
Appropriations and distributions of prior years' earnings:							
Legal reserve	-	-	357	-	(357)	-	-
Special reserve	-	-	-	693	(693)	-	-
Net income (loss) in 2021	-	-	-	-	140,166	-	140,166
Other comprehensive income (loss) in 2021, net of income tax					(359)	8,482	8,123
Total comprehensive income in 2021	-	-	-	-	139,807	8,482	148,289
Disposal of financial instruments designated at fair value through other comprehensive income	-	-	-	-	7,789	(7,789)	-
BALANCE AT DECEMBER 31, 2021	902,203	8,087	23,093	693	152,471	-	1,086,547
Appropriations and distributions of prior years' earnings:							
Legal reserve	-	-	14,759	-	(14,759)	-	-
Cash dividend - \$1.1 per share	-	-	-	-	(99,242)	-	(99,242)
Reversal of special reserve	-	-	-	(693)	693	-	-
Net income (loss) in 2022	-	-	-	-	213,051	-	213,051
Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	1,554	642	2,196
Total comprehensive income (loss) in 2022	-	-	-	-	214,605	642	215,247
Disposal of financial instruments designated at fair value through other comprehensive income	-	-	-	-	2,185	(2,185)	-
Other	-	298	-	-	-	-	298
BALANCE AT DECEMBER 31, 2022	902,203	8,385	37,852	-	255,953	(1,543)	\$1,202,850

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

YEOU YIH STEEL CO., LTD.  
STANDALONE STATEMENTS OF CASH FLOWS  
(In Thousands of New Taiwan Dollars)

Item	Year Ended December 31	
	2022	2021
<b>1.CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	\$267,645	\$175,318
Adjustments to reconcile profit (loss)		
Depreciation	16,512	19,236
Amortization	778	822
Interest expense	1,826	1,394
Interest income	(534)	(43)
Dividend income	(820)	-
Share of loss (profit) of subsidiaries, associates and joint ventures	(904)	(373)
Loss (gain) on disposal and retirement of property, plant and equipment	(300)	681
Property, plant and equipment transfer to expense	544	-
Unrealized sales benefit	291	-
Total adjustments to reconcile profit (loss)	17,393	21,717
Net changes in operating assets and liabilities:		
Net changes in operating assets:		
Decrease (increase) in notes receivable	-	10
Decrease (increase) in accounts receivable	49,934	3,293
Decrease (increase) in other receivables	(93)	(6,554)
Decrease (increase) in inventories	271,076	(556,879)
Decrease (increase) in prepayments	10,447	(37,218)
Total net changes in operating assets	331,364	(597,348)
Net changes in operating liabilities:		
Increase (decrease) in contract liabilities	(4,173)	8,266
Increase (decrease) in notes payable	844	2,151
Increase (decrease) in accounts payable	36,624	3,849
Increase (decrease) in other payables	16,521	11,442
Increase (decrease) in provisions	(1,805)	2,136
Increase (decrease) in net defined benefit liability	(172)	(208)
Total net changes in operating liabilities	47,839	27,636
Total changes in operating assets and liabilities	379,203	(569,712)
Total adjustments	396,596	(547,995)
Cash generated from (used in) operations	664,241	(372,677)
Interest received	494	43
Dividends received	820	-
Interest paid	(1,960)	(1,276)
Income tax refund (paid)	(49,878)	6,153
Net cash generated from (used in) operating activities	613,717	(367,757)

Item	Year Ended December 31	
	2022	2021
<b>2.CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income or loss	(\$39,454)	(\$92,899)
Proceeds from disposal of financial assets at fair value through other comprehensive income or loss	13,266	131,051
Acquisition of property, plant and equipment	(39,905)	(18,958)
Proceeds from disposal of property, plant and equipment	815	3,524
Decrease in refundable deposits	45	-
Acquisition of intangible assets	(443)	(643)
Net cash generated from (used in) investing activities	(65,676)	22,075
<b>3.CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	-	355,760
Decrease in short-term loans	(352,475)	-
Cash dividends paid	(99,242)	-
Other financing activities	298	-
Net cash generated from (used in) financing activities	(451,419)	355,760
<b>4.NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	96,622	10,078
<b>5.CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	88,682	78,604
<b>6.CASH AND CASH EQUIVALENTS - END OF YEAR</b>	185,304	88,682

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

**YEOU YIH STEEL CO., LTD.****NOTES TO STANDALONE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021****(Amounts In Thousands of New Taiwan Dollars, Except Stated Otherwise)**

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**1. GENERAL INFORMATION**

- (1) Yeou Yih Steel Co., Ltd. (collectively as the “Company”) was incorporated in January 1996. The Company is primarily engaged in the heat treatment of stainless steel products. leveling, cut, picking, processing and processing and sales of various steel. The Company’s shares have been approved by Taipei Exchange to be traded on over-the-counter from April 28, 2006. The Company does not have a parent company.
- (2) The standalone financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency.

**2. THE AUTHORIZATION OF STANDALONE FINANCIAL STATEMENTS**

The accompanying standalone financial statements were approved and authorized for issue by the board of directors on March 17, 2023.

**3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS**

- (2) Effect of adoption of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC):

New standards, interpretations and amendments endorsed by the FSC and effective from 2022 are as follows:

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”	January 1, 2022 (Note 2)
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”	January 1, 2022 (Note 3)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 4)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note 5)

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

Note 2: An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented, January 1, 2021, in the financial statements in which the entity first applies the amendments.

Note 3: An entity shall apply these amendments to contracts for which it has not yet fulfilled

all its obligations on January 1, 2022.

Note 4: These amendments apply to business combinations whose acquisition date occur during the annual reporting periods beginning on or after January 1, 2022.

Note 5: An entity shall apply the Amendment to IFRS 9 to financial liabilities that are modified or exchanged during the annual reporting periods beginning on or after January 1, 2022. An entity shall apply the Amendment to IAS 41 to fair value measurements for annual reporting periods beginning on or after January 1, 2022. An entity shall apply the Amendment to IFRS 1 for annual reporting periods beginning on or after January 1, 2022.

E. Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments set out that proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for them to be capable of operating in the manner intended by management shall not be recognized as a deduction of the asset. Instead, the proceeds from selling such items and the costs of those items, measured in accordance with IAS 2, shall be recognized in profit or loss in accordance with applicable IFRS Standards. Additionally, the amendments clarify that costs of testing whether the asset is functioning properly is the costs of assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

The Company shall apply these amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments. The cumulative effects of initially applying the amendments shall be recognize as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented with comparative information restated.

F. Amendments to IAS 37 “Onerous Contracts — Cost of Fulfilling a Contract”

The amendment stipulates that when assessing whether the contract is onerous, “Cost of Fulfilling a Contract” should include the incremental cost of fulfilling a contract (for example, direct labor and raw materials) and the allocation of other costs directly related to fulfilling a contract (for example, the depreciation expenses of property, plant and equipment items used in fulfilling a contract are allocated).

G. Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments update a reference to the Framework in IFRS 3 and require the acquirer shall apply IFRIC 21 for a levy that would be within the scope of IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

#### H. Annual Improvement to IFRS Standards 2018-2020

The annual improvement amends several Standards. Among which, the Amendment to IFRS 9 clarifies that, in determining whether an exchange or modification of the terms of a financial liability is substantially different from those of the original liability, only fees paid net of fees received between the Company (the borrower) and the lender for the new or modified contract, including fees paid or received by either the Company or the lender on the other's behalf, shall be included in the 10% test of the discounted present value of the cash flows under the new terms.

Base on the Company's assessment, the above standards and interpretations have no significant effect on the Company's financial position and financial performance.

#### (2) Effect of new issuances or amendments to IFRSs as endorsed by the FSC but not yet adopted

New standards, interpretations and amendments endorsed by the FSC and effective from 2023 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosures of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2023.

Note 2: These amendments apply to changes in accounting estimates and changes in accounting policies that occur during annual reporting periods beginning on or after January 1, 2023.

Note 3: An entity shall apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred taxes for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

#### D. Amendments to IAS 1 "Disclosures of Accounting Policies"

The amendments clarify that an entity shall disclose its material significant accounting policy information if the transaction, other event or condition to which the accounting policy information relates is material in size or nature, or a combination of both, and the accounting policy information that relates to a material transaction, other event or condition is also material to the financial statements. On the other hand, if the transaction, other event or condition to which the accounting policy information relates is immaterial in size or nature, an entity needs not to disclosure the accounting policy information that

relates to the immaterial transaction, other event or condition. Additionally, Immaterial accounting policy information that relates to material transactions, other events or conditions need not be disclosed, either. However, an entity's conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other IFRS Standards

#### E. Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty and clarify that a change in measurement techniques or inputs used to develop an accounting estimate is a change in accounting estimates unless the change is due to an error from prior periods

#### F. Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

If the taxable temporary difference arising from a single transaction at the time of original recognition is the same as the deductible temporary difference, the above exemption does not apply. When the enterprise applies this amendment for the first time, it shall recognize deferred income tax on all temporary differences related to lease and decommissioning obligations on the start date of the earliest comparative period expressed (January 1, 2022), and the cumulative effect is recognized as an adjustment to the initial balance of retained earnings on that date. (Or other components of interest, as appropriate). For other transactions that occurred after January 1, 2022, the application of this amendment should be postponed, and the company should recompile the comparative period information when applying this amendment for the first time.

The Company has evaluated the aforementioned standards and interpretations, and there's no significant effect to the Company's financial position and performance.

#### (3) Effect of the IFRSs issued by IASB but not yet endorsed and issued into effect by FSC :

New IFRSs	Effective Date Announced by IASB
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 IFRS 17 and IFRS 9 – Compare Information"	January 1, 2023
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024



As of the date the Standalone financial statements are authorized for issue, the Company is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these standalone financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### **4.1 Statement of Compliance**

The accompanying standalone financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### **4.2 Basis of Preparation**

- (3) Except for the following items, the standalone financial statements have been prepared under the historical cost convention:
  - A. Financial assets measured at fair value through other comprehensive income.
  - B. Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- (4) The preparation of the standalone financial statements in conformity with the IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.
- (5) When preparing the standalone financial statements, the Company accounts for subsidiaries, associates and joint ventures by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the standalone financial statements, the differences of the accounting treatment between the parent company standalone basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries, associates and joint ventures and share of other comprehensive income of subsidiaries, associates and joint ventures in the standalone financial statements.

##### **4.3 Foreign currency translation**

- (1) Foreign currency transactions and balance
  - A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are premeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.



- B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

#### **4.4 Classification of current and non-current items**

- (1) Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - A. Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
  - B. Assets held mainly for trading purposes;
  - C. Assets that are expected to be realized within twelve months from the balance sheet date;
  - D. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- (2) Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - A. Liabilities that are expected to be settled within the normal operating cycle;
  - B. Liabilities arising mainly from trading activities;
  - C. Liabilities that are to be settled within twelve months from the balance sheet date (Even if a long-term refinancing or re-arrangement of payment agreements is completed after the balance sheet date and before the issuance of the financial report is approved, it is classified as current liabilities);
  - D. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

#### **4.5 Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly

liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including the original maturity of the time deposits within three months.)

#### **4.6 Financial instruments**

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

Financial assets and financial liabilities are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

##### **(1) Financial assets**

The Company adopts trade-date accounting to recognize and derecognize financial assets.

A. Financial assets are classified into the following categories : financial at amortized cost and investments in equity instruments at (FVTOCI).

##### **(A) Financial assets at amortized cost**

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

- a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b. The contractual terms of the financial assets give rise on specified date to cash flow that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Except for the following two cases, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

- c. Purchased or originated credit-impaired financial assets: for those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- d. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets: for those financial assets, the Company shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

(B) Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Company's right to receive the dividends is established, unless the Company's right clearly represent a recovery of part of the cost of the investment.

B. Impairment of financial assets

- (A) At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivables and contract assets.
- (B) The Company always recognizes lifetime Expected Credit Loss (i.e. ECL) for accounts receivable; contract assets and lease receivables. For other financial assets, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equaling to 12-month ECL.
- (C) Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.
- (D) The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

### C. Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

- (A) The contractual rights to receive cash flows from the financial asset expire.
- (B) The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- (C) The Company neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

On derecognition of financial assets at amortized cost in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received is recognized in profit or loss. On derecognition of investments in debt instruments measured at FVTOCI, the difference between the financial asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss. On derecognition of investments in equity instruments at FVTOCI in its entirety, the cumulative profit and loss will be transferred directly to retained earnings without reclassified into profit and loss.

### (2) Equity instruments

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

### (3) Financial liabilities

#### A. Subsequent measurement

Financial liabilities other than those held for trading purposes and designated as at FVTPL are subsequently measured at amortized cost at the end of each reporting periods.

- (A) Financial liabilities at FVTPL are financial liabilities designated as at FVTPL on initial recognition. Financial liabilities held for trading or financial liabilities are classified in this category of held for trading if acquired principally the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at FVTPL on initial recognition:

- a. Hybrid (combined) contracts; or
- b. They eliminate or significantly reduce a measurement or recognition inconsistency; or
- c. They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

(B) Financial liabilities at FVTPL are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

(C) As for financial liabilities, the main changes in the classification and measurement relate to the subsequent measurement of financial liabilities designated as at fair value through profit or loss. The amount of change in the fair value of such financial liability attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above accounting treatment would create or enlarge an accounting mismatch in profit or loss, the Company presents all gains or losses on that liability in profit or loss.

#### B. Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

#### (4) Modification of Financial Instruments

When the contractual cash flows of a financial instrument are renegotiated or modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Company recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liabilities using the original effective interest rate and recognises a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortised over the remaining term of the modified financial instrument. If the renegotiation or modification results in that the derecognition of that financial instrument is required, then the financial instrument is derecognized accordingly.

If the basis for determining the contractual cash flows of a financial asset or financial

liability changes resulting from interest rate benchmark reform and the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, the Company applies the practical expedient to account for that change as a change in effective interest rate. If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first applies the practical expedient aforementioned to the changes required by interest rate benchmark reform, and then applies the applicable requirements to any additional changes to which that practical expedient does not apply.

#### **4.7 Inventories**

Inventories are stated at the lower of cost and net realizable value, accounted for on a perpetual basis. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and costs necessary to make the sale.

#### **4.8 Subsidiaries and associates accounted for using equity method**

- (1) Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- (2) Unrealized profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- (3) The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
- (4) Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- (5) The Company's share of its associates' post-acquisition profits or losses is recognized

in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses of its associate equals or exceeds its interest in the associate, including the carrying amount of the investment in the associate determined using the equity method plus the long – term interests that, in substance, from part of the Company's net investment in the associate. the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

- (6) Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- (7) In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and "investments accounted for using equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- (8) When the Company disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- (9) Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

#### **4.9 Property, plant and equipment**

- (1) Property, plant and equipment are initially recorded at cost. Borrowing costs incurred



during the construction period are capitalized. For property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.

- (2) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance expense are charged to profit or loss during the financial period in which they are incurred.
- (3) Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in accounting estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. Service lives are estimated as follows:
  - Buildings and structures, 10 to 50 years;
  - Machinery equipment, 2 to 11 years;
  - Transportation equipment, 5 to 6 years;
  - Office equipment, 2 to 8 years;
  - Other equipment, 4 to 11 years;
- (4) An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

#### **4.10 Intangible assets**

Intangible assets with finite useful lives that are acquired separately are measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the following estimated lives: computer software - 1 to 3 year. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.



Intangible assets are derecognized when disposed of or expected to have no future economic benefits generated through usage or disposal. On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

#### **4.11 Impairment of non-financial assets**

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist, the impairment loss shall be reversed to the extent of the loss previously recognized in profit or loss.

#### **4.12 Provisions**

Provisions (including short-term employee benefits and more) are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

#### **4.13 Employee benefits**

##### **(1) Short-term employee benefits**

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

##### **(2) Pensions**

###### **A. Defined contribution plans**

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund from the plan or a reduction in future contributions to the plan payments.

###### **B. Defined benefit plans**

(A) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheets in respect of defined benefit pension plans is

the present value of the defined benefit obligation at the end of the financial reporting period less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability (at the balance sheet date).

(B) Actuarial gains and losses arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

(C) Past service costs are recognized immediately in profit or loss.

(3) Employees' compensation and directors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' compensation and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

(4) Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognizes expense when it can no longer withdraw an offer of termination benefits or it recognizes related restructuring cost, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheets date shall be discounted to their present value.

#### **4.14 Capital stock**

Capital stock is classified as equity. Incremental cost that can be attributed to the issuance of stocks or options is deducted from the capital issued.

#### **4.15 Income tax**

(1) The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

- (2) The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- (3) Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- (4) Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- (5) Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- (6) A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

#### **4.16 Revenue Recognition**

The Company recognizes revenue from contracts with customers in accordance with the principles and steps as stated below:

- (1) Identify the contract with the customer;
- (2) Identify the performance obligations in the contract;

- (3) Determine the transaction price;
- (4) Allocate the transaction price to the performance obligations in contracts; and
- (5) Recognize revenue upon satisfaction of performance obligations.

The Company does not adjust the transaction price in a contract for the effects of a significant financing component, if the period between when the customer pays for the goods or services and when the entity transfers the goods or services is one year or less.

Sales revenue from goods mainly comes from the sales of steel materials and stainless products. Sales revenue is recognized when the control of goods is passed to customers. Since customers have obtained the right to set the price and make use of the goods and assumed the responsibility for resale and risks of obsolescence, the Company recognizes revenue and accounts receivable at such time point, presented as the net amount after deducting sales returns, discounts and allowance.

When supplying materials for processing, significant risk and rewards of the processed goods is not transferred, in which case it is not recognized as revenue.

#### **4.17 Government subsidy**

Government subsidies are recognized at fair value when it is reasonably certain that the Company will comply with the conditions attached to the government subsidies and will receive such subsidies.

Government subsidies are recognized in profit and loss on a systematic basis during the period when the relevant costs that they intend to compensate are recognized as expenses by the company. If government subsidy is used to compensate for expenses or losses that have occurred, or for the purpose of providing the Company with immediate financial support and there is no future related cost, it is recognized in the profit and loss during the period when it can be received. Government subsidies related to property, plant and equipment are recognized as non-current liabilities, and recognized as profits and losses on a straight-line basis based on the estimated useful life of the relevant assets.

### **5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY**

In the preparation of the financial statements, the critical accounting judgments the Company has made and the major sources of estimation and assumption uncertainty are described as follows:

#### **5.1 Critical judgements in applying accounting policies**

##### **(1) Revenue recognition**

The Company follows IFRS 15 to determine if it controls the specified good or service before that good or service is transferred to the customer, and the Company is acting as a principal or an agent in that transaction. When the Company acts as an agent, revenue is recognized on a net basis.

The Company acts as a principal as that it meets one of the following situations:

- a. The Company gains control over the goods from the other party before transferring

- goods to customers.
- b. The Company controls the right of providing service by the other party in order to control the ability of the party to provide service to customers.
  - c. The Company gains control over goods or service from the other party in order to combine with other goods or services to provide specific goods or services to customers.

The indicators (not limited to) which assist making judgment on whether the Company controls the goods or services before transferring goods or services to customers:

- a. The Company has primary responsibilities for the goods or services it provides;
- b. The Company bears inventory risk before transferring the specific goods or services to customer, or after transferring the control to customer (for example, if the customer has the right to return).
- c. The Company has the discretion to set prices.

## **(2) Judgment of financial asset classification**

The Company assesses the business model of financial assets based on the hierarchy that reflects the Company of financial assets that are jointly managed for specific business purposes. This assessment requires consideration of all relevant evidence, including measures of asset performance, risks affecting performance, and the manner in which the relevant managers are determined, and judgments are required. The Company continues to assess the adequacy of its business model and monitors the financial assets measured by the amortized cost before the maturity date and the debt instrument investments measured at fair value through other comprehensive income. Evaluate whether the disciplinary action has the same goal of business model. If the business model has been changed, the Company delays the adjustment of the subsequent classification of financial assets. The Company reclassifies financial assets in accordance with IFRS 9, and the application will be postponed from the date of reclassification, if the business model has changed.

## **5.2 Critical accounting estimates and assumptions**

### **(1) Revenue Recognition**

The Company recognizes records a refund for estimated future returns and other allowances in the same period the related revenue is recorded. Refund for estimated sales returns and other allowances is generally made and adjusted at a specific percentage based on historical experience and any known factors that would significantly affect the allowance, and the management periodically reviews the adequacy of the percentage used.

### **(2) Impairment assessment of tangible and intangible assets**

In the course of impairment assessments, the Company determines, based on how assets are utilized and relevant industrial characteristics, the useful lives of assets and the future cash flows of a specific company of the assets. Changes in economic circumstances or

the Company's strategy might result in material impairment of assets in the future.

(3) Impairment assessment of investments accounted for using the equity method

The Company assesses the impairment of an investment accounted for using the equity method once there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Company assesses the recoverable amounts of an investment accounted for using the equity method based on the present value of the Company's share of expected future cash flows of the investee or the present value of expected cash dividends receivable from the investee and expected future cash flows from disposal of the investment, analyzing the reasonableness of related assumptions.

(4) Realizability of deferred tax assets

Deferred assets are recognized only to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized. The Company's management assesses the realizability of deferred tax assets by making critical accounting judgements and significant estimates of expected future revenue growth rate and gross profit rate, the tax exemption period, available tax credits, and tax planning, etc. Changes in global economic environment, industrial environment, and laws and regulations might result in material adjustments to deferred tax assets.

(5) Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. The Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value.

(6) Calculation of net defined benefit liability

When calculating the present value of defined pension obligations, the Company uses judgments and actuarial assumptions to determine related estimates, including discount rates and future salary increase rate. Changes in these assumptions may have a significantly impact on the carrying amount of defined pension obligations.

(7) Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

## **6. CONTENTS OF SIGNIFICANT ACCOUNTS**

### **6.1 Cash and cash equivalents**

Item	December 31	
	2022	2021
Cash on hand	\$87	\$93
Checking account	59	59
Demand deposits	63,117	46,460
Foreign currency deposits	122,041	42,070
Total	\$185,304	\$88,682

(1) The financial institutions dealing with the Company are credit worthy, and the Company's transactions with a number of financial institutions to diversify credit risk that are unlikely to be expected to default.

(2) The Company had no cash and cash equivalents pledged to others.

## 6.2 Accounts receivable, net

Item	December 31	
	2022	2021
At amortized cost		
Accounts receivable	\$53,488	\$103,422
Less: Loss allowance	-	-
Net	\$53,488	\$103,422

(1)The company sells products mainly by collecting letters of credit in advance, and accounts receivable refers to the funds that have not yet been processed in the bank. The general work process can be collected in about 6 to 10 days.

(2)The company adopts a simplified method to recognize the provision loss of accounts receivable based on the expected credit loss during the duration. The expected credit loss during the duration is calculated using a provision matrix, which takes into account the customer's past default history, current financial situation and industry economic trends. As the company's credit loss historical experience shows that there is no significant difference in the loss patterns of different customer groups, the provision matrix does not further distinguish customer groups, and the expected credit loss rate is determined by the number of days overdue accounts receivable.

(3)The Company measured the allowance for notes receivable. and accounts receivable to the provision matrix (including related parties):

December 31, 2022	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECL)	Amortized cost
Not past due	0%-0.5%	\$53,488	\$ -	\$53,488

December 31, 2021	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECL)	Amortized cost
Not past due	0%-0.5%	\$103,422	\$ -	\$103,422



(4) Movements of the loss allowance for notes receivable and accounts receivable were as follows:

	Year Ended December 31	
	2022	2021
Beginning balance	\$ -	\$ -
Add: Provision for impairment	-	-
Less: Reversal of impairment	-	-
Less: Derecognition	-	-
Less: Write-offs	-	-
Ending balance	\$ -	\$ -

The above provision has already taken into consideration of other credit enhancement. The other credit enhancement possessed by above receivables (such as L/C) were \$45,947 thousand and \$103,406 thousand as of December 31, 2022 and 2021, respectively.

The Company 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 of the receivable. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss. The Company's trade receivables for offsetting amount were both \$0 thousand for the years ended December 31, 2022 and 2021.

(5) Please refer to Note 12.2 for recognition on irrevocable purchase contracts.

(6) The company had no accounts receivable pledged to others.

### 6.3 Other receivables

Item	December 31	
	2022	2021
Receivable for business tax	\$15,719	\$15,599
Receivable for equipment	105	-
Interest receivable	40	-
Others	21	48
Total	\$15,885	\$15,647

### 6.4 Inventories and cost of goods sold

Item	December 31	
	2022	2021
Raw materials	\$251,831	\$430,783
Supplies	1,172	1,068
Work in process	92,631	184,171
Finished goods	561,770	526,458



Total	<u>\$871,404</u>	<u>\$1,142,480</u>
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- (1) The related inventory (gain) loss recognized as operating cost for the years ended December 31, 2022 and 2021 were as follows:

Item	Year Ended December 31	
	2022	2021
Cost of goods sold	\$3,167,216	\$2,329,666
Unallocated overheads	4,348	8,548
Loss on inventory valuation (recovery gain)	(1,351)	958
Total	<u>\$3,170,213</u>	<u>\$2,339,172</u>

- (2) The Company recognized inventory valuation loss (recovery gain) of (\$1,351) thousand and \$958 thousand for the years ended December 31, 2022 and 2021, respectively, due to inventory's write-down to net realizable value, or the net realizable value of inventories recovered as a result of market stabilization that enabled the Company to raise prices on certain products.

- (3) The Company had no inventories pledged to others.

#### 6.5 Other financial assets-current

Item	December 31	
	2022	2021
Current:		
Pledged time deposits	3,300	3,300
Range of change	<u>1.185%</u>	<u>0.560%</u>

#### 6.6 Financial assets at fair value through other comprehensive income - noncurrent

Item	December 31	
	2022	2021
Equity instruments - noncurrent		
Domestic listed stocks	\$28,373	\$ -
Subtotal	\$28,373	\$ -
Evaluation adjustment	(1,543)	-
Total	<u>\$26,830</u>	<u>\$ -</u>

- (1) The Company invests in domestic (foreign) listed stocks in accordance with its medium/long-term strategies and expects to make a profit through long-term investment. Management of the Company believes that it is not consistent with the afore-mentioned long-term investment planning if the short-term fair value changes of such investment are presented in profit or loss. Therefore, the Company elects to designate such investment as to be measured at FVTOCI.

- (2) The company adjusted its investment positions in 2022 and 2021 to diversify risks, and sold some domestic listed counter stocks at fair values of 13,266 thousand and 131,051 thousand respectively. Related other interests financial assets measured at fair value through other comprehensive gains and losses have not been realized Gains and losses

of 2,185 thousand and 7,789 thousand were transferred to retained earnings.

(3) Please refer to Note 12(2) for relevant credit risk management and assessment methods.

(4) The financial assets at FVTOCI were not pledged as collateral.

## 6.7 Investments accounted for using equity method

Investee Company	December 31	
	2022	2021
Subsidiaries :		
Yeou Yin International Co., Ltd.	\$20,673	\$20,060

(1) Subsidiaries:

- A. Please refer to Note 4.3 to the Company's consolidated financial statements for Year 2022 for subsidiary information.
- B. The Company's of share of profit (loss) and other comprehensive income (loss) associates were recogniaed based on these associates audited financial statements, which was recognized based on its unaudited fiancial statements.

(2) The company had no investments account for using equity method pledged to others, as of December 31, 2022 and 2021.

## 6.8 Property, plant and equipment

Item	December 31	
	2022	2021
Land	\$180,803	\$180,803
Buildings	90,919	90,709
Machinery and equipment	274,032	277,867
Transportation equipment	16,800	16,800
Office equipment	8,670	8,659
Miscellaneous equipment	20,387	20,120
Equipment to be inspected and construction in progress	31,444	3,277
Total cost	\$623,055	\$598,235
Less: Accumulated depreciation	(337,648)	(335,195)
Less: Accumulated impairment	-	-
Total	\$285,407	\$263,040

Cost	Equipment to be Inspected and Construction in Progress							Total
	Land	Buildings	Machinery and Equipment	Transportation equipment	Office equipment	Miscellaneous Equipment	Equipment to be Inspected and Construction in Progress	
Balance at January 1, 2022	\$180,803	\$90,709	\$277,867	\$16,800	\$8,659	\$20,120	\$3,277	\$598,235
Additions	-	823	8,888	-	328	912	29,092	40,043
Disposals	-	(876)	(12,723)	-	(317)	(763)	-	(14,679)
Reclassification	-	263	-	-	-	118	(381)	-

Transfer to expenses	-	-	-	-	-	-	(544)	(544)
Balance at December 31, 2022	\$180,803	\$90,919	\$274,032	\$16,800	\$8,670	\$20,387	\$31,444	\$623,055
Accumulated depreciation and impairment								
Balance at January 1, 2022	\$ -	\$43,260	\$259,737	\$6,265	\$7,892	\$18,041	\$ -	\$335,195
Depreciation	-	2,416	10,632	2,342	425	697	-	16,512
Disposals	-	(437)	(12,544)	-	(315)	(763)	-	(14,059)
Balance at December 31, 2022	\$ -	\$45,239	\$257,825	\$8,607	\$8,002	\$17,975	\$ -	\$337,648

	Land	Buildings	Machinery and Equipment	Transportation equipment	Office equipment	Miscellaneous Equipment	Equipment to be Inspected and Construction in Progress	Total
Cost								
Balance at January 1, 2021	\$180,803	\$90,709	\$276,927	\$14,541	\$8,489	\$20,119	\$ -	\$591,588
Additions	-	115	5,210	-	370	393	11,295	17,383
Disposals	-	(230)	(4,494)	(5,420)	(200)	(392)	-	(10,736)
Reclassification	-	115	(224)	7,679	-	-	(8,018)	-
Balance at December 31, 2021	\$180,803	\$90,709	\$277,867	\$16,800	\$8,659	\$20,120	\$3,277	\$598,235
Accumulated depreciation and impairment								
Balance at January 1, 2021	\$ -	\$40,852	\$250,866	\$5,509	\$7,475	\$17,788	\$ -	\$322,490
Depreciation	-	2,541	13,365	2,069	616	645	-	19,236
Disposals	-	(133)	(4,494)	(1,313)	(199)	(392)	-	(6,531)
Balance at December 31, 2021	\$ -	\$43,260	\$259,737	\$6,265	\$7,892	\$18,041	\$ -	\$335,195

(1) Reconciliations of current additions and the acquisition of property, plant and equipment in statements of cash flows were as follows:

Item	Year Ended December 31	
	2022	2021
Acquisition of property, plant and equipment	\$40,043	\$17,383
Decrease (increase) in equipment payable	(138)	1,575
Cash paid for acquisition of property, plant and equipment	\$39,905	\$18,958

(2) The details of interest capitalized: None.

(3) Impairment loss of property, plant and equipment: None.

(4) Partial property, plant and equipment pledged for the borrowings: Please refer to Note 8.

## 6.9 Intangible assets

Item	December 31	
	2022	2021
Computer software	\$705	\$905
Less: Accumulated amortization	(509)	(374)
Net	\$196	\$531

	Year Ended December 31	
	2022	2021
Cost		
Balance at January 1	\$905	\$838
Additions	443	643
Derecognition	(643)	(576)
Balance at December 31	<u>\$705</u>	<u>\$905</u>

	Year Ended December 31	
	2022	2021
Accumulated amortization		
Balance at January 1	\$374	\$128
Amortization	778	822
Derecognition	(643)	(576)
Balance at December 31	<u>\$509</u>	<u>\$374</u>

#### 6.10 Short-term loans

Item	December 31, 2022	
	Short-term loans	Range of change
Material loans	<u>\$104,731</u>	1.535%

Item	December 31, 2021	
	Short-term loans	Range of change
Material loans	\$449,206	0.88%-0.95%
Secured loans	8,000	0.90%
Total	<u>\$457,206</u>	

Please refer to Note 8 for pledged asset information.

#### 6.11 Other payables

Item	December 31	
	2022	2021
Salary and wages	\$18,484	\$13,631
Compensation to employees and remuneration to directors	11,152	7,304
Equipment	782	644

Fuel payable	1,110	750
Service fees payable	1,193	810
Supplies payable	2,064	1,006
Rebate	6,896	974
Interest	5	139
Others	9,204	9,107
Total	<u>\$50,890</u>	<u>\$34,365</u>

## 6.12 Provisions - current

Item	December 31	
	2022	2021
Employee benefits	\$1,583	\$1,407
Onerous purchase contracts	-	1,981
Total	<u>\$1,583</u>	<u>\$3,388</u>

Item	Employee benefits	Onerous purchase contracts	Total
Balance at January 1, 2022	\$1,407	\$1,981	\$3,388
Additional provisions recognized	2,368	-	2,368
Used in current period	(2,192)	(1,981)	(4,173)
Balance at December 31, 2022	<u>\$1,583</u>	<u>\$ -</u>	<u>\$1,583</u>

Item	Employee benefits	Onerous purchase contracts	Total
Balance at January 1, 2021	\$1,252	\$ -	\$1,252
Additional provisions recognized	2,147	1,981	4,128
Used in current period	(1,992)	-	(1,992)
Balance at December 31, 2021	<u>\$1,407</u>	<u>\$1,981</u>	<u>\$3,388</u>

- (1) Provision for employee benefits represents vested short-term service leave entitlements accrued.
- (2) Provision for onerous contracts are material purchase contracts in which the Company's unavoidable costs incurred in fulfilling contractual obligations exceed the economic benefits expected to be received from the contract. From 2022, when evaluating whether a contract is onerous, the cost of fulfilling the contract includes the incremental cost of fulfilling the contract and the allocation of other costs directly related to the fulfillment of the contract; before 2022, only the incremental cost of fulfilling the contract is included.

## 6.13 Pension

- (1) Defined Contribution Plans

- A. The pension plan under the Labor Pension Act is a defined contribution plan. Under the new plan, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.
- B. The total expenses contributed under the defined contribution plan were \$2,191 thousand and \$1,986 thousand for the years ended December 31, 2022 and 2021, respectively, and were recognized in the standalone statement of comprehensive income.

(2) Defined benefit plans

- A. The Company has defined benefit plan under the Labor Standards Law that provides benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 4% of salaries paid each month to the respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the Bureau of Labor Funds, Ministry of Labor; as such, the Company does not have any right to intervene in the investments of the Funds. The contribute amount made to the Funds were both \$0 thousand in March, 2022 and 2021.
- B. The amounts recognized in the standalone balance sheets were determined as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$25,088	\$25,562
Fair value of plan assets	(13,238)	(11,597)
Net defined benefit liability	<u>\$11,850</u>	<u>\$13,965</u>

C. Movements in net defined benefit liability were as follows:

Item	Year Ended December 31, 2022		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$25,562	(\$11,597)	\$13,965
Cost of service			
Current service cost	407	-	407
Interest expense (income)	178	(82)	96

Recognized in profit and loss remeasurement	\$585	(\$82)	\$503
Return on plan asset (net interest income or expense excluded)	\$ -	(\$884)	(\$884)
Actuarial (gains) losses -			
Effect of change in demographic assumptions	-	-	-
Effect of change in financial assumptions	(1,905)	-	(1,905)
Experience adjustment	846	-	846
Recognized in other comprehensive income	(1,059)	(884)	(\$1,943)
Contributions from the employer	-	(675)	(675)
Benefits paid	-	-	-
Balance at December 31	\$25,088	(\$13,238)	\$11,850

Item	Year Ended December 31, 2021		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$24,557	(\$10,833)	\$13,724
Cost of service			
Current service cost	398	-	398
Interest expense (income)	97	(44)	53
Recognized in profit and loss remeasurement	\$495	(\$44)	\$451
Return on plan asset (net interest income or expense excluded)	\$ -	(\$167)	(\$167)
Actuarial (gains) losses -			
Effect of change in demographic assumptions	69	-	69
Effect of change in financial assumptions	(925)	-	(925)
Experience adjustment	1,472	-	1,472
Recognized in other comprehensive income	\$616	(\$167)	\$449
Contributions from the employer	\$ -	(\$659)	(\$659)
Benefits paid	(106)	106	-
Balance at December 31	\$25,562	(\$11,597)	\$13,965

D. Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

(A) Investment risk

The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management by Bureau of Labor Funds, Ministry of Labor. However, the rate of return on the Company's planned assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.

(B) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, the return on the debt investments of the plan assets will also increase. Those two will partially offset each other.

(C) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

Item	Measurement date	
	December 31, 2022	December 31, 2021
Discount rate	1.35%	0.70%
Future salary increases rate	2.00%	2.00%
Average maturity period of defined benefit obligations	11 Years	11 Years

(A) Assumptions on future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table (TSO).

(B) If a reasonable change in one of the principal assumptions for actuarial valuation occurred and all other assumptions were held constant, the increase (decrease) in the present value of defined benefit obligation would be as follows:

Item	December 31	
	2022	2021
Discount Rate		
Increase 0.25%	(\$684)	(\$748)
Decrease 0.25%	\$711	\$778
Expected growth rate of salaries		
Increase 0.25%	\$704	\$766
Decrease 0.25%	(\$682)	(\$740)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

F. The Company expects to make contributions of \$751 thousand to the pension for the year ended December 31, 2023.

## 6.14 Share capital

(1) Movements in the number of the Company's ordinary shares outstanding were as follows:

Item	Year Ended December 31, 2022	
	Shares (in thousands)	Amount
Balance at January 1	90,220	\$902,203
Capital increase by cash	-	-
Balance at December 31	90,220	\$902,203



Item	Year Ended December 31, 2021	
	Shares (in thousands)	Amount
Balance at January 1	90,220	\$902,203
Capital increase by cash	-	-
Balance at December 31	90,220	\$902,203

(2) As of December 31, 2022, the authorized capital is \$1,200,000 thousand, consisting of 120,000 thousand shares.

### 6.15 Capital surplus

Item	December 31	
	2022	2021
Share premium	\$8,087	\$8,087
Other	298	-
Total	\$8,385	\$8,087

Under the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock and donations can be used to offset deficit or may be distributed as stock dividends or in cash. Under the regulations of the Security Exchange Law, the maximum amount transferred from the foregoing capital surplus to the Company's capital per year shall not be over 10% of the Company's paid-in capital. Capital surplus can't be used to offset deficit unless legal reserve is insufficient. The capital surplus from long-term investments may not be used for any purpose.

### 6.16 Retained earnings and Dividends Policy

(1) According to the surplus distribution policy stipulated in the articles of association of the company, if there is a surplus in the company's annual final accounts, it shall be distributed in the following order:

(1) Paying taxes. (2) Offsetting losses. (3) After deducting the provisions of (1) and (2), if there is any balance, setting aside as legal reserve 10% of the remaining profit (4) In accordance with laws or relevant regulations, when necessary, special surplus reserves may be withdrawn from the current period's surplus items or surplus reserves may be retained at discretion, and will be included in surplus distribution after the withdrawal conditions are eliminated and reversed. (5) setting aside a special reserve in accordance with the laws and regulations, and the remainder plus prior year's unappropriated earnings will be recommended by the board of directors and approved through the shareholders' meeting.

The company distribute dividends on cash, after more than two-thirds of the directors, present at the meeting and more than half of the directors agree, the board of directors is authorized to do so and report to the general meeting of shareholders.

The Company's dividend policy is assort with current and future development plans, consider the capital expenditure demands of future and the maintenance of long-term

financial structure of sound, satisfying shareholder's cash inflow demands, shareholders' dividends shall be distributed at least 50% of the distributable earnings and at least 10% of total dividends may be distributed as cash dividends. However, if cash dividend less than 0.1 per share, the dividend will adopt the stock dividend.

The shareholder's meeting can consider demand and profit situation that does not distribute all or parts of earnings.

- (2) Legal reserve may be used to offset a deficit, and be transferred to capital or distributed in cash. However, legal reserve can be transferred to capital or distributed in cash only when the legal reserve has exceeded 25% of the Company's paid-in capital.

- (3) Special reserve

Item	Year Ended December 31	
	2022	2021
Reserve for the debit balance of other equities	\$ -	\$ 693

While earning distribution, the earnings can be distributed after appropriation of the equivalent amount of the debit balance of the other equities of the balance sheet.

- (4) The appropriation of 2021 and 2020 earnings had been resolved at the shareholders' meeting in June 2022 and July 2021, respectively. Details were summarized below:

Item	Amount		Dividends Per Share	
	2021	2020	2021	2020
Legal reserve	\$14,759	\$ 357		
Special reserve	(693)	693		
Cash dividends	99,242	-	1.10	-
Total	\$113,308	\$ 1,050		

- (5) The appropriation of 2022 earnings had been proposed by the Board of Directors on March 17, 2023. Details were summarized below:

Item	Amount	Dividends Per Share
Legal reserve	\$21,679	
Special reserve	1,543	
Cash dividends	162,396	1.8
Total	\$185,618	

The appropriations of earnings for 2022 are to be presented for approval in the shareholders' meeting to be held in June 2023.

- (6) Information on the earnings appropriation proposed by the Company's Board of Directors and approved by the Company's shareholders is available on the Market Observation Post System website of the Taiwan Stock Exchange.

## 6.17 Other Equity Items

Item	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	
	2022	2021
Balance at January 1	\$ -	(\$693)
Unrealized gain(loss) on financial assets at fair value through other comprehensive income	642	8,482
Disposal Unrealized gain(loss) on financial assets at fair value through other comprehensive income	(2,185)	(7,789)
Balance at December 31	(\$1,543)	\$ -

## 6.18 Operating Revenue

Item	Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from sales of finished goods	\$3,065,557	\$2,133,743
Revenue from sales of raw materials	468,561	430,699
Revenue from sales of surplus materials	46,419	45,145
Processing revenue	5,007	2,220
Total sales revenue from contracts with customers	\$3,585,544	\$2,611,807
Less: Sales return	(1,159)	(1,180)
Sales discount	(52,586)	(20,133)
Net sales revenue from contracts with customers	\$3,531,799	\$2,590,494

### (1) Explain of contract revenue

Sales and processing income of steel coils and steel plates, etc. are mainly to downstream manufacturers, and are sold at fixed prices per contractual terms.

### (2) Segments of revenue from contracts with customers

The Company's revenue can be split into the following segments:

Year 2022 :

	Steel revenue	Processing	Total
Main area of market			
Taiwan	\$2,373,509	\$5,007	\$2,378,516
South Korea	638,410	-	638,410
Thailand	84,645	-	84,645
Others	430,228	-	430,228
Total	\$3,526,792	\$5,007	\$3,531,799
Time of revenue recognition			

Revenue recognized at a specific timing	\$3,526,792	\$5,007	\$3,531,799
Revenue recognized over time	-	-	-
Total	<u>\$3,526,792</u>	<u>\$5,007</u>	<u>\$3,531,799</u>

Year 2021 :

	Steel revenue	Processing	Total
Main area of market			
Taiwan	\$1,918,098	\$2,220	\$1,920,318
South Korea	261,867	-	261,867
Thailand	137,429	-	137,429
Others	270,880	-	270,880
Total	<u>\$2,588,274</u>	<u>\$2,220</u>	<u>\$ 2,590,494</u>
Time of revenue recognition			
Revenue recognized at a specific timing	\$2,588,274	\$2,220	\$2,590,494
Revenue recognized over time	-	-	-
Total	<u>\$2,588,274</u>	<u>\$2,220</u>	<u>\$2,590,494</u>

### (3) Contract balances

The Company recognized the accounts receivable, contract assets and contract liabilities related to customer contract revenue as follows:

	December 31	
	2022	2021
Accounts receivable	\$53,488	\$103,422
Contract assets	-	-
Total	<u>\$53,488</u>	<u>\$103,422</u>
Contract liabilities - current	<u>\$7,234</u>	<u>\$11,407</u>

#### A. Significant change in contract assets and contract liabilities

The change in contract assets and contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment, and there are no other significant changes.

#### B. The allowance for contract assets: None.

#### C. Amount from previous period's performance obligations satisfied and beginning contract liabilities recognized in the current period as income were as follows:

	Year Ended December 31	
Revenue in the current period	2022	2021
From beginning contract liabilities - goods sale	<u>\$11,407</u>	<u>\$3,141</u>
From previous period's satisfied performance	<u>\$ -</u>	<u>\$ -</u>

## 6.19 Labor cost, depreciation and amortization

Item	Year Ended December 31, 2022		
	Operating Cost	Operating Expenses	Total
Labor cost			
Salaries	\$39,375	\$33,432	\$72,807
Insurance	3,485	2,377	5,862
Pension	1,557	1,137	2,694
Remuneration to directors	-	6,664	6,664
Others	3,248	1,394	4,642
Depreciation	13,380	3,132	16,512
Amortization	235	543	778
Total	<u>\$61,280</u>	<u>\$48,679</u>	<u>\$109,959</u>

Item	Year Ended December 31, 2021		
	Operating Cost	Operating Expenses	Total
Labor cost			
Salaries	\$33,856	\$27,208	\$61,064
Insurance	3,316	1,951	5,267
Pension	1,444	993	2,437
Remuneration to directors	-	4,108	4,108
Others	2,641	1,053	3,694
Depreciation	16,265	2,971	19,236
Amortization	235	587	822
Total	<u>\$57,757</u>	<u>\$38,871</u>	<u>\$96,628</u>

- (1) The number of employees of the company on December 31, 2022 and 2021 is 98 and 93 respectively, of which 7 directors who are not concurrently employees.
- (2) The Company's salary and remuneration policy, including that for directors, managers and employees, is as follows:
  - A. The average employee benefit expenses is \$945 thousand and \$843 thousand for the years ended December 31, 2022 and 2021, respectively.
  - B. The average employee salary costs is \$800 thousand and \$710 thousand for the years ended December 31, 2022 and 2021, respectively.
  - C. The employee will be promoted according to the employee's personal year-end assessment grade in 2021, and the salary will be increased by about 12.68% after promotion for the years ended December 31, 2022.
  - D. The employee will be promoted according to the employee's personal year-end assessment grade in 2020, and the salary will be increased by about 13.6% after promotion for the years ended December 31, 2021.
  - E. The supervisors's remuneration is \$0 thousand and \$873 thousand for the years ended December 31, 2022 and 2021, respectively.
  - F. Company remuneration policy:
    - (A) Directors' remuneration:

The remuneration to the directors shall be determined by the Board of Directors

according to their degree of participation in the operation of the Company, the value of their contribution, and the usual standards of the industry. The Company's Articles of Incorporation clearly stipulate that not higher than 3% of the annual profit shall be allocated as the director's remuneration.

(B) Managers' remuneration:

The remuneration to the managers is based on their duties, contributions, the Company's annual operation performance and in consideration of the Company's future risks, and is reviewed by the remuneration committee and submitted to the Board of Directors for resolution.

(C) Employees' compensation:

The Company is committed to providing employees with a salary and benefits above the industry average level. On the premise of considering external competition, internal fairness and legality, the Company has a competitive salary system and uphold the concept of profit sharing with employees to retain and motivate employees.

The employees' compensation includes monthly salary and various bonuses, annual year-end and performance bonuses, as well as remuneration issued by the Company based on annual profitability. The Company's Articles of Incorporation clearly stipulate that 2% of the annual profit is used as employees' compensation.

(3) The Company accrued employees' compensation and remuneration to directors at the rates 2% and not higher than 3% of net income before income tax, employees' compensation and remuneration to directors during the period. In 2022 and 2021, employee remuneration and director remuneration are estimated at 2% of the aforementioned net income before income tax.

(4) The employees' compensation and remuneration to directors for the years ended December 31, 2022 and 2021 had been approved by the Company's Board of Directors meeting held on March 17, 2023 and March 11, 2022, respectively, and the relevant amounts recognized in the parent company only financial statement were as follows:

	Year ended December 31			
	2022		2021	
	Employees' compensation	Remuneration to directors	Employees' compensation	Remuneration to directors
Resolution amount of allotment	\$5,576	\$5,576	\$3,652	\$3,652
Recognized in financial statements	5,576	5,576	3,652	3,652
Difference	\$ -	\$ -	\$ -	\$ -

The above mentioned employees' compensation will be paid by cash.

(5) Information about employee compensation and remuneration to directors approved by the board of directors is available at the Taiwan Stock Exchange Market Observation Post System website.

## 6.20 Interest income

Item	Year Ended December 31	
	2022	2021
Interest on bank deposits	\$534	\$43

## 6.21 Other income

Item	Year Ended December 31	
	2022	2021
Subsidies	\$1,752	\$3,150
Dividend income	820	-
Compensation	171	43
Others	2,746	1,880
Total	\$5,489	\$5,073

The Company applied for the subsidy of the process capacity improvement plan, recognized the government subsidy income of 1,570 thousand and 3,150 thousand for the years ended December 31, 2022 and 2021, respectively.

## 6.22 Other gains and losses

Item	Year Ended December 31	
	2022	2021
Gain on disposal of property, plant and equipment	\$300	(\$681)
Net currency exchange gain (loss)	11,764	8,609
Total	\$12,064	\$7,928

## 6.23 Finance cost

Item	Year Ended December 31	
	2022	2021
Interest on loans	\$1,826	\$1,394
Less: capitalized amount for qualified assets	-	-
Net	\$1,826	\$1,394

## 6.24 Income tax

(1) Income tax expense (benefit) recognized in profit or loss

Item	Year Ended December 31	
	2022	2021
Current income tax		
Current tax expense	\$52,224	\$34,260
Undistributed surplus for income tax	1,126	-
Total	\$53,350	\$34,260

Deferred income tax

Origination and reversal of temporary differences	\$1,244	\$892
Total	\$1,244	\$892
Income tax expense (benefit)	\$54,594	\$35,152

The applicable tax rate used by the company is 20%. In addition, the tax rate applicable to unappropriated earnings is 5%.

According to the amendments to the Statute for Industrial Innovation announced in July 2019, the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Company has already deducted the amount of the unappropriated earnings that has been reinvested as capital expenditures.

(2) Income tax expense (benefit) recognized in other comprehensive income was as follows :

Item	Year Ended December 31	
	2022	2021
Remeasurement of defined benefit plans	(\$389)	\$90

(3) Reconciliation of income before income tax and income tax expense recognized in profit or loss is as follows:

Item	Year Ended December 31	
	2022	2021
Income (loss) before income tax	\$267,645	\$175,318
Income tax expense at the statutory rate	53,529	35,063
Tax effect of adjusting items:		
Realized (unrealized) loss (gain) on inventories	(270)	192
Realized (unrealized) pension	(34)	(41)
Others	(1,001)	1,324
Undistributed surplus for income tax	1,126	-
Income tax impact of loss carryforwards	-	(2,278)
Deferred income tax expense		
Loss carryforwards	-	2,278
Temporary differences	1,244	(1,386)
Income tax expense recognized in profit or loss	\$54,594	\$35,152

(4) Deferred tax assets and liabilities from temporary differences:

Item	Year Ended December 31, 2022			
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax assets:				



Temporary differences				
Unrealized pension	\$2,794	(\$34)	(\$389)	\$2,371
Unrealized loss on inventories	272	(270)	-	2
Unused compensated absences	281	35	-	316
Others	1,066	(967)	-	99
Subtotal	<u>\$4,413</u>	<u>(\$1,236)</u>	<u>(\$389)</u>	<u>\$2,788</u>
Deferred income tax liabilities:				
Temporary differences				
Unrealized exchange gain	(\$5)	(\$8)	\$ -	(\$13)
Subtotal	<u>(\$5)</u>	<u>(\$8)</u>	<u>\$ -</u>	<u>(\$13)</u>
Net	<u>\$4,408</u>	<u>(\$1,244)</u>	<u>(\$389)</u>	<u>\$2,775</u>

Year Ended December 31, 2021				
Item	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax assets:				
Temporary differences				
Unrealized pension	\$2,745	(\$41)	\$90	\$2,794
Unrealized loss on inventories	80	192	-	272
Unused compensated absences	250	31	-	281
Others	13	1,053	-	1,066
Loss carryforwards	2,278	(2,278)	-	-
Subtotal	<u>\$5,366</u>	<u>(\$1,043)</u>	<u>\$90</u>	<u>\$4,413</u>
Deferred income tax liabilities:				
Temporary differences				
Unrealized exchange gain	(\$156)	\$151	\$ -	(\$5)
Subtotal	<u>(\$156)</u>	<u>\$151</u>	<u>\$ -</u>	<u>(\$5)</u>
Net	<u>\$5,210</u>	<u>(\$892)</u>	<u>\$90</u>	<u>\$4,408</u>

(5) Not recognized as deferred income tax asset item: None.

(6) Income tax returns through 2020 had been examined and cleared the tax authorities.

## 6.25 Other comprehensive income (loss)

Year Ended December 31, 2022			
Item	Other Comprehensive Income (Loss), Before Tax	Income tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that will not be reclassified subsequently to profit or loss :			
Remeasurement of defined benefit plans	\$1,943	(\$389)	\$1,554
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	642	-	642

Recognized in other comprehensive income (loss)	\$2,585	(\$389)	\$2,196
Year Ended December 31, 2021			
Item	Other Comprehensive Income (Loss), Before Tax	Income tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that will not be reclassified subsequently to profit or loss :			
Remeasurement of defined benefit plans	(\$449)	\$90	(\$359)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	8,482	-	8,482
Recognized in other comprehensive income (loss)	\$8,033	\$90	\$8,123

## 6.26 Earnings per share

Item	Year Ended December 31	
	2022	2021
(1) Basic earnings (loss) per share		
Net income	\$213,051	\$140,166
Weighted average shares outstanding (in thousands)	90,220	90,220
Basic earnings per share (after tax)	\$2.36	\$1.55
(2) Diluted earnings (loss) per share		
Net income	\$213,051	\$140,166
Effect of potential dilutive ordinary shares	-	-
Net income used in computation of diluted earnings per share	\$213,051	\$140,166
Weighted average shares outstanding (in thousands)	\$90,220	\$90,220
Impact on employees' compensation (Note)	326	205
Weighted average number of ordinary shares outstanding after dilution (in thousands)	\$90,546	\$90,425
Diluted earnings per share (after tax)	\$2.35	\$1.55

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

## 7. RELATED PARTY TRANSACTIONS

### 7.1 Parent and ultimate controlling party

The Company does not have a parent company nor ultimate controller.

### 7.2 Related party name and category:

Related Party Name	Related party category
Yeou Yih International Co., Ltd.	Subsidiary
Pacific Harbour Stevedoring Corp.	Other related party
Sym Wang Iron Steel Co., Ltd.	Other related party
Sumi Steel Co., Ltd.	Other related party

### 7.3 Significant transactions with related parties

#### (1) Sales

Related Party Category	Year Ended December 31	
	2022	2021
Subsidiary	\$26,808	\$18,078
Other related parties	8	1
Total	<u>\$26,816</u>	<u>\$18,079</u>

Selling prices with the related parties are equivalent to those with ordinary customers.

Collection period was 1 month.

#### (2) Purchase: None.

#### (3) Contract assets: None.

#### (4) Contract liabilities: None.

#### (5) Balance of receivables (excluding lending to related parties and contract assets):

Related Party Category	December 31	
	2022	2021
Accounts receivable:		
Subsidiaries		
Yeou Yih International Co., Ltd.	<u>\$7,541</u>	<u>\$-</u>

#### (6) Balance of payables (excluding borrowing from related parties):

Related Party Category	December 31	
	2022	2021
Notes payables:		
Other related parties	<u>\$36</u>	<u>\$132</u>
Accounts payables:		
Other related parties	<u>\$3</u>	<u>\$102</u>

(7) Prepayments: None.

(8) Property transactions

A. Acquisition of property, plant and equipment: None.

B. Disposal of property, plant and equipment:

Year 2022: None.

Year 2021:

Related Party Category	Transaction Target	Disposal Price	Disposal Loss
Sym Wang Iron Steel Co., Ltd.	Transportation equipment	\$3,524	(\$583)

Above mentioned transaction prices were negotiated by both parties, as of December 31, 2022 the priced were received.

(9) Lessee arrangements: None.

(10) Rent arrangements:

Related Party Category	December 31	
	2022	2021
Rental income		
Subsidiary	\$120	\$120

Above lease terms were based on the contract, and the rent was received monthly.

(11) Financing activities - lending: None.

(12) Financing activities - borrowing: None.

(13) Guarantee for related parties: None.

(14) Others:

A. Miscellaneous expenses:

Related Party Category	Year Ended December 31	
	2022	2021
Other related parties	\$553	\$2,233

Other expenses were mainly loading fee and consumables, etc.

B. Key management compensation:

Item	Year Ended December 31	
	2022	2021
Salaries and other short-term employee benefits	\$24,640	\$18,100
Post-employment benefits	417	346
Total	\$25,057	\$18,446

## 8. PLEDGED ASSETS

The following assets have been pledged as collateral for long-term and short-term loans:

Item	December 31	
	2022	2021
Property, plant and equipment (net)	\$86,625	\$87,341
Other financial assets - current	3,300	3,300
Total	<u>\$89,925</u>	<u>\$90,641</u>

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

- (1) As of December 31, 2022, and 2021, the Company issued guarantee notes for bank loans amounting to \$304,720 thousand and \$200,000 thousand, respectively.
- (2) As of December 31, 2022 and 2021, the Company received guarantee notes from customers for contract performing and securing creditor's rights amounting to both \$6,837 thousand.
- (3) As of December 31, 2022 and 2021, the Company applied to the Taiwan Small & Medium Enterprise Counseling Foundation for a process capability improvement plan, and the bank provided a performance guarantee amounting to \$1,573 thousand and \$3,150 thousand, respectively.
- (4) The unused letters of credit as of December 31, 2022 and 2021, were as follows:

Item	December 31	
	2022	2021
Foreign L/C Amount	USD 25	USD 7,057
Domestic L/C Amount	NTD 95,802	NTD 94,923

## 10. SIGNIFICANT DISASTER LOSS: NONE.

## 11. SIGNIFICANT SUBSEQUENT EVENTS: NONE.

## 12. OTHERS

### (1) Capital risk management

As the Company needs to maintain sufficient capital to meet the needs for expansion and plant and equipment improvement, capital management of the Company focuses on ensuring there are sufficient financial resources and operating plans to meet the demands for operating capital, capital expenditure, research and development expense, loan repayment and dividend distribution in the next 12 months.

### (2) Financial Instruments

#### A. Financial risk of financial instruments

##### Financial risk management policies

The Company's daily operations are affected by various financial risks, e.g. market risk (including exchange rate, interest rate and price risks), credit risk and liquidity risk. The Company is devoted to identify, assess and avoid market uncertainties in order to

eliminate the potential adverse effects of market changes on the financial performance.

Before engaging in significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. While the financial plan is underway, the Company shall comply with relevant financial operation procedures on the overall financial risk management and segregation of duties at all times.

### The nature and degree of significant financial risks

#### (A) Market risks

##### a. Foreign exchange rate risk

- (a) The Company is exposed to exchange rate risk arising from the sales, purchases and borrowings in currencies other than the Company's functional currency, as well as from net investment of foreign operations. Functional currencies adopted by entities within the Company mainly comprise New Taiwan Dollars, such transactions are denominated mainly in USD. To avoid a decrease in the value of assets dominated in foreign currency and volatility in future cash flows due to changes in exchange rates, the Company hedges the exchange rate risk with foreign-currency borrowings and derivative financial instruments. Those derivative financial instruments can diminish but not completely eliminate the impacts of changes in exchange rate.

##### (b) Foreign currency risk and sensitivity analysis:

December 31, 2022						
	Foreign Currency	Exchange rate	Carrying Value (NTD)	Sensitivity analysis		
				Variation	Profit and Loss Impact	Equity Impact
Financial assets						
Monetary item						
USD:NTD	4,464	30.71	137,089	increase 1%	1,371	-
Financial liabilities						
Monetary item						
USD:NTD	71	30.71	2,178	increase 1%	(22)	-
December 31, 2021						
	foreign currency	Exchange rate	Carrying Value (NTD)	Sensitivity analysis		
				Variation	Profit and Loss Impact	Equity Impact

Financial assets						
Monetary item						
USD:NTD	2,573	27.68	71,230	increase 1%	712	-
Financial liabilities						
Monetary item						
USD:NTD	1,071	27.68	29,645	increase 1%	(296)	-

If NTD appreciates against the above-mentioned currencies, held all other variables constant, the impact generated as of December 31, 2022 and 2021 would stay the same with the reverse result.

Due to the exchange rate volatility, total exchange gain and loss (including realized and unrealized) from the Company's monetary items amounted to \$11,764 thousand and \$8,609 thousand for the years ended December 31, 2022 and 2021, respectively.

b. Price risk

Since the Company's investment in securities is classified as financial assets at FVTPL and FVTOCI on the standalone balance sheet, the Company exposes to price risks of securities. The Company mainly invests in domestic listed. The price of such securities can be affected by changes in future value of those investment targets.

If the equity instrument price increase or decrease by 1%. The post-tax other comprehensive income for the years ended December 31, 2022 and 2021 will increase or decrease by \$268 thousand and \$0 thousand due to the increase or decrease of the fair value of financial assets measured at FVTOCI.

c. Interest rate risk

The carrying amount of the Company's financial assets and financial liabilities that are exposed to interest rate risk at the reporting date is stated as follows:

Item	Carrying Value	
	December 31, 2022	December 31, 2021
With fair value interest rate risk:		
Financial assets	\$3,300	\$3,300
Financial liabilities	-	-
Net	\$3,300	\$3,300
With cash flow interest rate risk:		
Financial assets	\$185,158	\$88,530
Financial liabilities	(104,731)	(457,206)
Net	\$80,427	(\$368,676)

(a) Sensitivity analysis of those with fair value interest rate risk:

The Company does not classify any fixed-rate instruments as financial assets at fair value through profit or loss and financial assets at fair value through

other comprehensive income. In addition, the Company does not designate derivatives (interest rate swap) as hedge instruments under hedge accounting. Therefore, the change of interest rate at reporting date does not have influence on net income and other comprehensive income.

(b) Sensitivity analysis of those with cash flow interest rate risk:

The interest-fluctuate instruments possessed by the Company were floating-interest assets (liabilities). Therefore the effective interest rate, as well as the future cash flows, changes along with the market movement. Every one percent increase in the market interest will decrease the net profit by \$804 thousand and (\$3,687) thousand for the years ended December 31, 2022 and 2021, respectively.

(B) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a contract leading to a financial loss to the Company. The Company is exposed to credit risk from operating activities, primarily accounts receivables, and from investing activities, primarily deposit and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

a. Business elated credit risk

In order to maintain the credit quality of accounts receivables, the Company has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed in the consideration of the relevant factors which may affects the customer's paying ability such as financial condition, external and internal credit scoring, historical experience, and economic conditions.

b. Financial credit risk

The Company's exposure to financial credit risk which pertained to bank deposits and other financial instruments were evaluated and monitored by Company Treasury function. The Company only deals with creditworthy counterparties, banks, and government so that no significant credit risk was identified. In addition, the Company has no financial assets at amortized and investments in debt instruments at fair value through other comprehensive income.

(a) Credit concentration risk

As of December 31, 2022 and 2021, the Company's ten largest customers accounted for 79.87% and 86.21% of accounts receivable, respectively.

(b) Measurement of expected credit impairment loss

(I) Accounts receivables adopts a simplified approach. Please refer to Note 6.2.

(II) Collaterals and other credit enhancement held to avoid credit risks from financial assets

The following table shows the maximum exposure to credit risk regarding financial assets recognized in the standalone balance sheets, pledged



collateral, master netting arrangements and other credit enhancement held by the Company:

December 31, 2022	Carrying amount	Decreased amount of maximum exposure to credit risks			
		Collateral	Net settlement agreement	Other credit enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS 9 are applicable	\$ -	\$ -	\$ -	\$ -	\$ -
Financial instruments to which the impairment requirements of IFRS 9 are not applicable:					
Financial assets measured at FVTOCI	26,830				
Total	\$26,830	\$ -	\$ -	\$ -	\$ -

December 31, 2021: None.

### (C) Liquidity risk

#### a. Liquidity risk management:

The objective of liquidity risk management is to ensure the Company has sufficient liquidity to fund its business requirements of cash and cash equivalents and the unused of financing facilities associated with existing operations.

#### b. Financial liabilities with repayment periods:

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods:

Non-derivative financial liabilities :	December 31, 2022						Carrying amount
	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years	Contract cash flow	
Short-term loans	\$104,731	\$ -	\$ -	\$ -	\$ -	\$104,731	\$104,731
Notes payable	6,299	-	-	-	-	6,299	6,299
Accounts payable	71,999	-	-	-	-	71,999	71,999
Other payables	50,890	-	-	-	-	50,890	50,890
Subtotal	\$233,919	\$ -	\$ -	\$ -	\$ -	\$233,919	\$233,919

Non-derivative financial liabilities:	December 31, 2021						Carrying amount
	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years	Contract cash flow	
Short-term loans	\$449,206	\$8,000	\$ -	\$ -	\$ -	\$457,206	\$457,206
Notes payable	5,455	-	-	-	-	5,455	5,455
Accounts payable	35,375	-	-	-	-	35,375	35,375

Other payables	34,365	-	-	-	-	34,365	34,365
Subtotal	\$524,401	\$8,000	\$ -	\$ -	\$ -	\$532,401	\$532,401

The Company does expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

#### B. Types of Financial instruments

Financial assets	December 31	
	2022	2021
Financial assets at amortized cost		
Cash and cash equivalents	\$185,304	\$88,682
Notes receivable and account receivable (including related parties)	53,488	103,422
Other receivables	15,885	15,647
Other financial assets - current	3,300	3,300
Refundable deposits	635	680
Financial assets at FVTOCI - noncurrent	26,830	-
Financial liabilities		
Financial liabilities at amortized cost		
Short-term loans	104,731	457,206
Notes payable and account payables (including related parties)	78,298	40,830
Other payables	50,890	34,365

### (3) Fair Value Information

A. For information on fair value of financial assets and financial liabilities not measured at fair value, please refer to Note 12(3)C.

B. Definition of the three levels in fair value:

#### Level 1:

Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.

#### Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The Company does not hold financial assets and financial liabilities of Level 2.

#### Level 3

Unobservable inputs for the asset or liability. The Company does not hold financial assets and financial liabilities of Level 3.

C. Financial instruments not measured at fair value

The Company considers that the carrying amounts of financial instruments including cash and cash equivalents, receivables, other financial assets, refundable deposits, short-term loans and payables that are not measured at fair value approximate their fair values.

D. Fair value hierarchy:

The fair value hierarchy of financial instrument is measured at fair value on a recurring basis. Information about the Company's fair value hierarchy was disclosed in the following table:

Item	December 31, 2022			Total
	Level 1	Level 2	Level 3	
Assets:				
<u>Recurring fair value</u>				
Financial assets at FVTOCI				
Domestic listed stocks	\$26,830	\$ -	\$ -	\$26,830

December 31, 2021: None.

E. Fair value valuation technique for instruments measured at fair value:

(A) The fair value of financial instruments with quoted prices in active markets is the quoted market prices. Market prices published by major trading centers and exchanges for on-the-run government bonds are the basis for the fair value of listed equity instruments and debt instruments with quoted prices in active markets. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry guild, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If one of the conditions fails, the market is not deemed active. In general, indications of an inactive market include a wide bid-ask spread, a significant increase in the bid-ask spread and low level of trading volume. The fair value of financial instruments with active markets held by the Company are stated by their natures and types as follows:

- a. Listed stocks: closing prices
- b. OTC stocks: closing prices

F. Transfers between Level 1 and Level 2 fair value hierarchy: None.

G. Statement of changes in Level 3 fair value hierarchy: None.

(4) Transfer of financial assets: None.

(5) Offset of financial assets and liabilities: None.

### 13. SEGMENT INFORMATION

A. Significant transactions information

(A) Financings provided: None.

- (B) Endorsement/guarantee provided: None.
  - (C) Marketable securities held: Table 1.
  - (D) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
  - (E) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.
  - (F) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
  - (G) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None.
  - (H) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
  - (I) Information about the derivative financial instruments transaction: None.
- B. Information on investees: Table 2.
- C. Information on investments in Mainland China: Not applicable.
- D. Information on major shareholders (including name of the shareholders with shareholding above 5%, shares held and shareholding ratio): Table 3.

Table 1

**YEOU YIH STEEL CO., LTD.**  
**MARKETABLE SECURITIES HELD**  
**DECEMBER 31, 2022**

(Amounts in Thousands of New Taiwan Dollars: thousand shares)

Investor	Type and Name of Securities	Relationship with the Issuer	General Ledger Account	Ending balance				Remarks
				Number of Shares (in thousands)	Carrying Value	Percentage of Ownership	Fair Value	
Yeou Yih steel Co., Ltd.	Stock-Formosa Plastics Corporation	-	Financial assets at fair value through other comprehensive income or loss - noncurrent	200	17,360	-	17,360	-
	Stock-Taiwan Mobile CO., LTD.	-	Financial assets at fair value through other comprehensive income or loss - noncurrent	100	9,470	-	9,470	-

Table 2

**YEOU YIH STEEL L CO., LTD.****NAMES, LOCATIONS AND OTHER INFORMATION OF INVESTEE COMPANIES (EXCLUDING INVESTEE IN MAINLAND)****DECEMBER 31, 2022****(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee
				As of December 31, 2022	As of December 31, 2021	Shares (In Thousands)	Percentage of Ownership	Carrying Value		
Yeou Yih steel Co., Ltd.	Yeou Yih International Co., Ltd.	Kaohsiung	Wholesale of building materials and hardware	20,000	20,000	2,000	100%	20,673	904	904

Table 3

**YEOU YIH STEEL CO., LTD.**  
**INFORMATION ON MAJOR SHAREHOLDERS**  
**DECEMBER 31, 2022**

Unit: share)

Name of Major Shareholder	Number of Shares	Percentage of Ownership (%)
YU SHENG INVESTMENT & DEVELOPMENT CO.,LTD	5,409,129	5.99%

Note: The information of major shareholders is 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 (included treasury shares) by the Company. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

#### **14. SEGMENT INFORMATION**

The Company has provided the operating segments disclosure in the consolidated financial statements.



## Seven. Financial Status and Operation Results Review Analysis & Risk Matters

### I. Financial Status

Unit: Thousand NTD

Item \ Year	2022	2021	Difference	
			Amount	%
Current asset	1,178,795	1,413,495	(234,700)	(16.60%)
Financial assets at fair value through other comprehensive income - non-current	26,830	0	26,830	-
Available-for-sale financial assets - noncurrent	0	0	0	-
Property, plant, and equipment	285,407	263,040	22,367	8.50%
Intangible asset	196	531	(335)	(63.09%)
Other assets	2,809	4,413	(1,604)	(36.35%)
Refundable deposits	635	680	(45)	(6.62%)
Total assets	1,494,672	1,682,159	(187,487)	(11.15%)
Current liability	279,927	581,642	(301,715)	(51.87%)
Non-current liabilities	11,895	13,970	(2,075)	(14.85%)
Equity attributable to owners of the parent company	1,202,850	1,086,547	116,303	10.70%
Share capital	902,203	902,203	0	0.00%
Capital surplus	8,385	8,087	298	3.68%
Retained earnings	293,805	176,257	117,548	66.69%
Other equities	(1,543)	0	(1,543)	-
Treasury shares	0	0	0	-
Non-controlling interests	0	0	0	-
Total equity	1,202,850	1,086,547	116,303	10.70%
<p>I. Major changes in assets, liabilities, and shareholders' equity in the last two years (the changes in the previous and later periods amounted to over 20%, and the number of changes reached NT\$10 million), the main reasons and their impacts, and future response plans:</p> <ol style="list-style-type: none"> <li>1. Financial assets at fair value through other comprehensive income or loss - non-current: due to the increase in short-term equity investments.</li> <li>2. Current liabilities: mainly due to the decrease in bank loans.</li> <li>3. Retained surplus: the profit in 2022 increased, so the undistributed surplus also increased.</li> </ol> <p>II. Improvement plan:</p> <p>In 2022, the impact of COVID-19 slowed down, and the export of stainless steel products increased. It also increased the sales volume and the operating income. The Company is still actively purchasing low-priced inventory while reducing inventory and cost control measures. The Company will continue to promote the following measures to maintain stable operations.</p> <ol style="list-style-type: none"> <li>1. Strengthen the safety stock control policies to reduce operational risks.</li> <li>2. Contribute to the future planning of long-term and short-term business plans, extend sales channels, raise overall plant production capacity, improve the company's operating performance, inject profits, and enrich our own funds to strengthen the financial structure.</li> </ol>				

Basis of Evaluation as well as Assets and Liabilities Evaluation Item Listing Method for Financial Statements

Item	Assets and Liabilities Evaluation Items	Basis of Evaluation	Foundation of Evaluation
1	Allowance for Bad Debt	Aging Analysis	<p>1. Before January 1, 2011, the impairment assessment of accounts receivable was based on the actual experience of bad debts in the past. The aging of accounts receivable on the balance sheet date and the recovery possibility assessment was provided.</p> <p>1-1. The provision ratio of bills receivable is 0.5%.</p> <p>1-2. The accounts receivable after deducting the net amount of the letter of credit received shall be listed according to the following ratios according to the aging analysis:</p> <p>(1) Within 3 (inclusive) months, 0.5%</p> <p>(2) Within 3~6 (inclusive) months, 3%</p> <p>(3) Within 6~12 (inclusive) months, 10%.</p> <p>(4) Over 1 year, 100%.</p> <p>2. After January 1, 2011, the impairment assessment of accounts receivable is to confirm whether objective evidence shows impairment of significant individual accounts receivable. The amount of impairment shall be assessed individually for major individual receivables with objective evidence of impairment. For the remaining insignificant receivables with objective evidence of impairment and those with no objective evidence of impairment, those with similar credit risk characteristics are grouped to assess the impairment of assets in that group. Suppose the impairment in the subsequent period decreases, which is obviously related to an event that occurred after the impairment was recognized. In that case, the previously recognized impairment amount of the financial asset shall be reversed. But the</p>

			reversal shall not cause the carrying amount of the financial asset to be greater than that of the unrecognized impairment. After the amortized cost, the reversal amount shall be recognized as profit or loss for the current period.
2	Provision for sluggish inventory loss	Cost and net realizable value assessment	<p>1. Sluggish assessment The Company's inventory is mainly stainless steel plates (coils), etc., which can be used or sold after surface treatment due to oxidation resistance, corrosion resistance, and other features. There is no risk of loss to the Company's inventory due to aging, so no sluggish loss is listed in principle.</p> <p>2. Assessment of cost versus net realized value Inventories are evaluated at a lower cost and net realizable value. The comparison of cost and net realizable value is based on individual items except inventories of the same category. Net realizable value refers to the estimated selling price under normal circumstances after deducting the costs invested in completion and sales expenses. The calculation of inventory cost adopts the weighted average method.</p>

## II. Financial Performance

### (I) Comparative analysis of operating results

Unit: Thousand NTD

Item \ Year	2022	2021	Amount increase (decrease)	Change ratio (%)
Operating revenue	3,530,808	2,591,575	939,233	36.24%
Operating profit margin	362,567	252,403	110,164	43.65%
Operating profit & loss	251,068	163,813	87,255	53.27%
Non-operating income and expense	16,803	11,505	5,298	46.05%
Net income before tax	267,871	175,318	92,553	52.79%
Net profit (loss) for this period	213,051	140,166	72,885	52.00%
Other comprehensive profit and loss for the current period (net)	2,196	8,123	(5,927)	(72.97%)
Total comprehensive income in the current period	215,247	148,289	66,958	45.15%
Net profit (loss) attributable to the owners of the parent company	213,051	140,166	72,885	52.00%
Net profit (loss) attributable to non-controlling interests	0	0	0	-
Net total comprehensive profit/loss attributable to the owners of the parent company	215,247	148,289	66,958	45.15%
Total comprehensive profit/loss attributable to non-controlling interests	0	0	0	-
Earnings per Share	2.36	1.55	0.81	52.26%

I. The main reasons for major changes in operating income and net operating profit before tax in the last two years (if the operating gross profit changes by over 20%, a separate analysis of the difference shall be made; if the change of the increase or decrease does not reach 20%, the analysis may be exempted):

1. Operating revenue: In 2022, the impact of COVID-19 slowed down, and the export of stainless steel products increased. It also increased the sales volume and the operating income.
2. Operating gross profit: Same as 1, hence the gross operating profit increased.
3. Operating profit/loss: Same as 2, hence the operating profit increased.
4. Non-operating income and expenses: The appreciation of the New Taiwan dollar led to an increase in exchange benefits, so the non-operating income and expenses increased.
5. Net profit before tax: Same as 3, hence the net profit before tax increased.
6. Net profit (net loss) for the current period: Same as 5, hence the net profit for the current period increased.
7. Other comprehensive gains and losses (net amount) for the current period: mainly due to the increase in the unrealized evaluation benefits of equity instrument investments measured at fair value through other comprehensive profits or losses in 2022.
8. Total comprehensive profit/loss for the current period: Same as 5, hence the total comprehensive profit for the current period increased.
9. Net profit (loss) attributable to the owner of the parent company: Same as 6. So the Company's 100%-owned reinvestment subsidiary Yeou Yih International Co., Ltd., has started to operate and create profits.
10. Total comprehensive profit/loss attributable to the owner of the parent company: Same as 8. So the Company's 100%-owned reinvestment subsidiary Yeou Yih International Co., Ltd., has started to operate and create profits. .
11. Earnings per share: Same as 6, hence earnings per share increased.

II. The Company's main business content remains unchanged. Its operating policies, market conditions, and economic environment are not expected to undergo major changes.

III. The main influencing factors and basis on why the Company's sales volume is expected to grow in the next year:

1. The sales volume of stainless steel plates is estimated to reach 33,600 tons in the coming year, based on the Company's production capacity and market demand.
2. The decrease in sales weight is due to the stable market price but the market sentiment is still dominated by a wait-and-see approach.

## (II) Analysis of Operating Margin Changes

Item	Increase and Decrease Changes during Previous and Subsequent Periods	Difference analysis			
		Sales prices difference	Cost difference	Combination difference	Quantity difference
Operating profit margin	110,264	599,392	(525,910)	32,938	3,844
Description: 1. Sales price variance: The favorable sales price variance occurred in 2022 due to the increase in stainless steel prices. 2. Cost price difference: Same as above. So there is an unfavorable cost-price difference. 3. Differences in sales mix: The removal of high-margin inventory in 2022 resulted in unfavorable sales combination differences. 4. Quantity difference: The increase in sales was mainly due to the increase in sales volume in 2022, resulting in favorable volume differences.					

Note: Since Yeou Yih Group is mainly composed of Yeou Yih Steel, only Yeou Yih Steel is used for analysis.

## III. Cash Flow

Unit: Thousand NTD

Beginning of the period cash balance	Expected net operating cash flow for the whole year	Annual cash inflow (outflow)	Cash surplus (deficit) amount	Remediation measures against expected cash flow deficit	
				Investment plans	Financial management plans
108,286	620,608	(517,095)	211,799	Not applicable	Not applicable

### 1. Cash flow change analysis for 2022:

- (1) Operating activities: NT\$620,608 thousand, mainly due to an increase of NT\$92,553 thousand in net income before tax, a decrease of NT\$269,104 thousand in ending inventory, a decrease of NT\$57,475 thousand in accounts receivable, an increase of NT\$36,624 thousand in accounts payable, and an increase of NT\$49,880 thousand in income tax payments in 2022.
- (2) Investment activities: Investing activities: Declined by NT\$65,676 thousand, mainly due to the increase of NT\$26,190 thousand in the acquisition of financial assets measured at fair value through other comprehensive income, net of disposal and the increase of NT\$39,090 thousand in the acquisition of property, plant and equipment, net of disposal.
- (3) Financing activities: Declined by NT\$451,419 thousand, mainly due to the decrease in short-term loans of NT\$352,475 thousand and the payment of cash dividends of NT\$99,242 thousand.

### 2. Insufficient cash remedial measures and liquidity analysis: The Company has no cash shortage.

### 3. Cash liquidity analysis for 2023:

Beginning of the period cash balance	Estimated annual net cash flow from operating activities	Estimated annual cash outflow	Estimated cash surplus (deficiency) amount	Remedial measures for estimated cash shortfalls	
				Investment plans	Financial management plans
211,799	(57,859)	(57,505)	96,435	Not applicable	Not applicable

- (1) The stable sales and profitability of the stainless steel market in 2023 are expected to result in a net cash outflow of NT\$57,857 thousand from operating activities due to the procurement of additional fixed assets.
- (2) It is estimated that the operating profit in 2023, repayment of short-term bank loans, payment of dividends to shareholders and reduction of cash balance will generate a net cash inflow of approximately NT\$57,505 thousand for the year.

## IV. The Impacts that Major Capital Expenditures Have on Financial Operations in the Most Recent

Year: None.

V. Reinvestment Policy in the Most Recent Year, the Main Reasons for its Profit or Loss, Improvement Plan, and Investment Plan for the Coming Year:

The Company must have a JIS mark as the basis for marketing to expand the Japanese market. The JIS standard requires manufacturers to have hot rolling equipment to apply for JIS mark G4304 (stainless steel hot-rolled steel plate), and the process of Yeou Yih Steel cannot meet the requirements. Japan's Ministry of Industry, Economy, and Trade as well as JQA verified that we could not apply for the JIS mark as a manufacturer. If we want to apply, we must do so as a seller. That is, apply through a trading company (Yeou Yih International) in combination with Yeou Yih Steel in the form of a supply chain.

Yeou Yih International Co., Ltd. was established on May 28, 2019, with a capital of NT\$20,000 thousand. The Company held 100% of its shares and was reported to the board of directors on August 5, 2019. The JIS mark certification application case was approved in April 2021.

VI. Risk Issues should Analyze and Evaluate the following matters in the Most Recent Fiscal Year as of the Publication Date of this Annual Report:

- (I) The effects that interest rate, exchange rate fluctuations, and inflation have on the profits and losses of the Company as well as the future response measures:

Effects on the Company's Profit and Loss

Item	2022 (NT\$ Thousand; %)
Net interest income and expense	(1,233)
Net exchange profit (loss)	12,367
Ratio of net interest income and expenditure to net revenue	(0.03%)
Ratio of net interest income and expenditure to net profit before tax	(0.46%)
Ratio of net exchange profit and loss to net revenue	0.35%
Ratio of net exchange profit and loss to net profit before tax	4.62%

1. Interest rate changes:

- (1) The impact of interest rate changes

In 2022, interest expense increased by NT\$432 thousand compared to the previous period due to the increase in imports.

- (2) The Company's specific measures in response to changes in interest rates

In response to the interest rate change considerations, the Company usually strengthens the connection and relationship with the bank to strive for the loan amount and preferential interest rate required for operation.

(2) Exchange rate fluctuation:

- (1) The impact of exchange rate changes on the Company's profit

①The Company's annual export sales in 2022 were about US\$38,543 thousand. Therefore, if the US dollar rises (depreciates) by 5 cents, the revenue and profit will increase (decrease) by NT\$1,927 thousand.

②The Company's annual import amount in 2022 was about US\$17,643 thousand. Therefore, if the US dollar rises (depreciates) by 5 cents, the cost and profit will decrease (increase) by NT\$882 thousand.

(2) The company's specific measures in response to exchange rate changes

①During the USD purchase material loan period, it shall be repaid or converted into an NTD loan when appropriate depending on the exchange rate trend.

② Reduce the USD loan amount to the equivalent USD export amount. That is, make the amount of supply and demand for USD equal to produce the natural hedging effect.

3. Inflation:

(1) The prices of raw materials and finished products of the Company's stainless steel goods are highly correlated and less affected by inflation.

(2) The Company's manufacturing and operating expenses accounted for 4.30% and 3.56% of the total cost, respectively. They have insignificant impacts.

(3) The Company's products include industrial buildings and equipment, less susceptible to inflation than ordinary private consumer goods. As a result, the Company will continue monitoring worldwide industrial construction and maintenance requirements to expand its businesses.

(II) Policies for engaging in high-risk and high-leverage investments, fund loans to others, endorsements, and derivative products; the main reason for profit or loss; and future countermeasures:

The Company has formulated relevant operating procedures (please refer to the Company's website: [http://www.yeouyih.com.tw/Investor Services/E-file Area of Articles of Association](http://www.yeouyih.com.tw/Investor%20Services/E-file%20Area%20of%20Articles%20of%20Association)) as the basis for transaction engagements. The Company did not engage in high-risk, high-leverage investment, capital lending to others, endorsement and guarantee matters or derivative commodity transactions in 2022 and as of the publication date of the annual report.

(III) Future R&D plans and anticipated investments in R&D expenses:

This year, the Company expects to participate in the carbon emission reduction counseling program of the Ministry of Economic Affairs to carry out carbon reduction technology for solid solution furnaces (Furnace B) and carbon inventory and energy management projects, and to carry out research and development projects such as the research on new leveling machine technology. After adding the salaries and wages of the regular process improvement staff, the estimated R&D expense for 2023 is NT\$25,000 thousand.

(IV) The effects that the key domestic and international policy and law changes have on the financial operations of the company as well as the response measures:

1. Important policy: The EU will impose up to 18.9% tariffs on flat-rolled stainless steel from China, Taiwan, and Indonesia to curb competition from EU producers such as Outokumpu. The punitive measures took effect on the 9th, will last for 6 months, and may be extended for 5 years. Indonesian flat-rolled stainless steel will be subject to a 17% duty, compared with 6% or 7.5% in Taiwan and 14.5% to 18.9% in China (depending on the exporter).

2. Response measures: Europe is currently a non-primary sales region, and sales in other areas will be strengthened.



(V) The effects that technological changes and industry changes have on the financial operations of the Company as well as the countermeasures:

To improve internal information control, information personnel are hired to create an inventory management system that keeps track of inventory dynamics and provides various business analysis data to strengthen the Company's competitiveness.

(VI) The effects that corporate image has on corporate crisis management as well as the countermeasures:

Under increasingly fierce competition in the global market, establishing corporate image has become an indispensable task for the sustainable operation of the Company. In addition to continuously promoting various quality certifications, the Company is also committed to producing high-quality products and establishing the Company's "YYs" brand in stainless steel plates.

(VII) Expected benefits, possible risks, and countermeasures of mergers and acquisitions:

The Company does not have any merger and acquisition plans for 2022 as of the publication date of the annual report.

(VIII) Expected benefits and possible risks of factory expansions as well as the response measures:

The Company has no investment plan to build a factory as of the publication date of the annual report.

(IX) The risks of concentrated procurement or sales as well as the countermeasures:

The Company has actively purchased stainless steel products with competitive prices in 2022 to increase the client's willingness to buy and avoid the risk of concentrated sales. The ratio of Ta Chen International Inc. to the Company's sales dropped from 29.38% in 2021 to 21.84% in 2022.

In 2022, 81.04% of the Company's raw materials for stainless steel hot-rolled thick plates were concentrated in Yieh United Steel Corp. (hereinafter referred to as "Yieh United"), mainly due to factors such as industry characteristics as well as market supply and demand conditions. After considering that any change may affect factors such as raw material quality, price, and the convenience of nearby supply. We aim to establish long-term cooperative relationships and maintain the stability of supply. The Company also keeps abreast of changes in the raw material market and stays in touch with relevant domestic and foreign raw material suppliers. The goal is to promptly increase cooperation with other suppliers in case of an emergency. In addition, the Company usually has an appropriate amount of safety stock for the main raw materials. In the event of force majeure or unexpected events, the stock should still be sufficient until other alternative sources of raw materials are sought. There should be no risk of a supply shortage or interruption due to concentrated purchases.

(X) The effects and risks that large-number transfers or replacements of directors, supervisors, or major shareholders holding over 10% of the company's shares have to the Company as well



as the countermeasures: None.

- (XI) The effects and risks that operating rights changes have to the Company as well as the response measures:

In 2022 and as of the publication date of the annual report, the Company has no change in management rights.

- (XII) Finalized judgments or pending litigations, non-litigations, or administrative disputes associated with the Company's directors, supervisors, or major shareholders holding over 10% of the Company's shares whereby the results may have major impacts on the shareholders' rights or share prices; the facts of the dispute, the amount of the subject matter, the start date of the litigation, the main parties involved in the litigation, and the handling status as of the printing date of the annual report must be disclosed:

In 2022 and as of the publication date of the annual report, the Company has no ongoing litigation or non-litigation incidents.

- (XIII) Other important risks and countermeasures:

1. In 2022 and as of the publication date of the annual report, the Company has no other material risks.

2. The Company's risk management organization:

The Company has strengthened its corporate risk management in recent years based on the latest internal audit development and standard requirements by providing cautions and strict risk detection, assessment, reporting, and handling. The Company's risk control is divided into three levels (mechanisms): The first mechanism is the organizer and the contractor, who must take responsibility for the initial risk detection, assessment, control, design, and prevention for various operations. The second mechanism is the various management meetings chaired by the general manager or board chairman. In addition to feasibility assessment, it also includes various risk assessments. The third mechanism is the reviews by the audit office and the board of directors. The company does not have a chief risk officer. Its purpose is to comprehensively control risks for all employees. This layer-by-layer prevention is the most practical risk control method rather than single-person control. See the table below for details

**Risk Management Organization Operation Table**

Important risk assessment items	Direct risk control unit (1st Mechanism)	Risk review and control (2nd Mechanism)	Board of Directors and Audit Office (3rd Mechanism)
1. Interest rate, exchange rate, and financial risks	Finance Department	General Manager, Chairperson	Board of directors: Decision-making and ultimate control for risk assessment.  Auditing Office: Risk inspection, evaluation, supervision, improvement, tracking, and reporting.
2. High-risk and high-leverage investment, capital loan to others, derivatives trading, and financial investment	Finance Department		
3. R&D plans	Technology Department, Production Department		
4. Policy and Legal Changes	Management Department, Finance Department		
5. Industry changes	Business Department		
6. Corporate image changes	Sales Department, Management Department		
7. Investment, reinvestment, and M&A benefits	Finance Department		
8. Plant and production equipment expansion	Production Department, Technology Department		
9. Sales and purchase	Sales Department and Management Department		
10. Changes in equity for directors, supervisors, and major shareholders	Chairman and board of directors		
11. Change in operating rights	Chairman and board of directors		
12. Litigation and non-litigation matters	Management Department		
13. Other operating matters	Business Planning Office		
14. Personnel conduct, ethics, and integrity	Various Level Supervisors and Management Department		
15. SOP and legal compliance	Various Level Supervisors		
16. Board of directors' meeting management	Chairperson's Office		

3. Results of risk evaluations in 2022: As examined by the evaluation departments, there was no material risk.

4. The operating status of risk management in 2022 was reported to the Board on January 13, 2023.

VII. Other important issues: None.

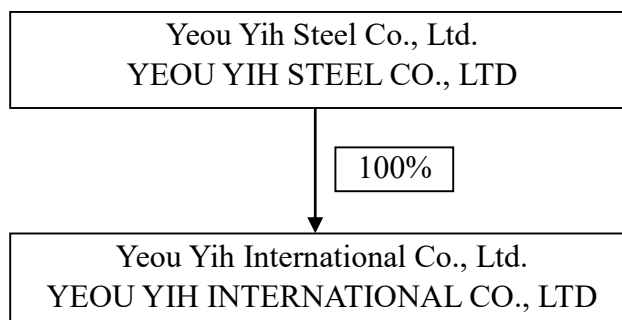
## Eight. Special Record Items

### I. Affiliated Enterprises Related Information:

#### (I) Affiliated business consolidated business report:

##### 1. Overview of affiliates:

##### (1) Affiliate organization chart



##### (2) The name, date of establishment, address, paid-in capital, and main business items of each affiliated enterprise

December 31, 2022

Unit: NTD Thousand

Enterprise Name	Date of Establishment	Address	Paid-in capital	Main business scopes and products
Yeou Yih Steel Co., Ltd.	1996/01/29	No. 2, Yonggong 10th Rd, Yong'an District, Kaohsiung City	NTD 902,203	Processing and trading of stainless steel products
Yeou Yih International Co., Ltd.	2019/05/28	No. 2, Yonggong 10th Rd, Yong'an District, Kaohsiung City	NTD 20,000	Hardware and Building Materials Wholesale and Mechanical Appliance Retail

Note 1. All affiliated companies must be disclosed regardless of their scale.

2. Each affiliated enterprise has a factory. Suppose the sales value of a factory's products exceeds 10% of the controlling company's operating income. In that case, the name of the factory, date of establishment, address, and the main products produced by the factory shall be listed.

3. If the affiliated company is a foreign company, the name and address of the company can be expressed in English, the establishment date can also be expressed in AD, and the paid-in capital can also be expressed in foreign currency. The exchange rate between NTD and USD is 30.71:1 as of the

publication date of this report.

(3) Parties presumed to have control and subordination under Article 369-3 of the Company Act: Yeou Yih International Co., Ltd.

(4) The industries covered by the business of the overall affiliated companies and the dealings and division of labor if businesses operated by the affiliated companies are related to each other:

The Company must have JIS mark as the basis for marketing to expand the Japanese market. The JIS standard requires manufacturers to have hot rolling equipment to apply for JIS mark G4304 (stainless steel hot-rolled steel plate), and the process of Yeou Yih Steel cannot meet the requirements. Japan's Ministry of Industry, Economy, and Trade as well as JQA verified that we could not apply for the JIS mark as a manufacturer. If we want to apply, we must do so as a seller. That is, apply through a trading company (Yeou Yih International) in combination with Yeou Yih Steel in the form of a supply chain.

(5) Names of directors, supervisors, and general managers of each affiliated enterprise and their shareholding or capital contribution to the enterprise:

April 15, 2023

Units: share; NTD thousand; %

Enterprise Name	Title	Name or representative	Number of shares held (note 2) (note 3)	
			No. of shares/amount	Shareholding ratio
Yeou Yih Steel Co., Ltd.	Chairperson	Hong Yu Industrial Co., Ltd.	1,500,000 shares	1.66%
	Representative	Hsien-Tong Liu	4,000,000 shares	4.43%
	Director	Yusheng Investment (shares)	5,409,129 shares	6.00%
	Representative	Ching-Tsung Huang	0 shares	0.00%
	Director	Hsien-Jung Liu	1,871,978 shares.	2.07%
	Director	Hung-Sheng Liu	500,000 shares	0.55%
	Director	Han-Chun Hsiao	741,571 shares	0.82%
	Director	Chien-Hua Huang	2,142,000 shares	2.37%
	Independent director	Chih-Hsueh Lin	0 shares	0.00%
	Independent director	Mei-Yao Chang	0 shares	0.00%
	Independent director	Yu-Liang Pan	0 shares	0.00%
	General Manager	Jui-Hsin Chang	0 shares	0.00%
Yeou Yih International Co., Ltd.	Chairperson	Yeou Yih Steel Co., Ltd.	2,000,000 shares	100.00%
	Chairperson	Yeou Yih Steel Co., Ltd. Representative: Hsien-Tong Liu	0 shares	0.00%
	Director	Yeou Yih Steel Co., Ltd. Representative: Jui-Hsin Chang	0 shares	0.00%
	Director	Yeou Yih Steel Co., Ltd. Representative: Chien-Liang Liu	0 shares	0.00%
	General Manager	Jui-Hsin Chang	0 shares	0.00%

Note 1. If the affiliated enterprise is a foreign company, those with equivalent positions shall be listed.

2. If the invested company is a joint stock limited company, please fill in the number of shares and shareholding ratio. For others, please fill in the capital contribution and capital contribution ratio and specify.

3. When the directors and supervisors are juridical persons, the relevant information of the representative shall be additionally disclosed.

(6) Operation overview of affiliated companies

Operation overview of affiliated companies (as of December 31, 2022)

Unit: Thousand NTD

Enterprise Name	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating income	Current profit and loss (after tax)	Earnings per share (NTD) after tax
Yeou Yih Steel Co., Ltd.	902,203	1,493,635	290,785	1,202,850	3,531,799	250,480	213,051	2.36
Yeou Yih International Co., Ltd.	20,000	29,543	8,578	20,965	25,817	469	904	0.45

(II) Consolidated Financial Statements of Affiliated Enterprises: Please refer to “Consolidated Financial Statements” (pages 95 to 145).

(III) Affiliated Enterprise Reports: N/A

II. Private placement of securities during the most recent or current year up to the annual report's publication date: None.

III. The holding or disposal of Company shares by subsidiaries in the most recent year to the day this annual report was printed: None of the Company's subsidiaries hold any shares of the Company.

The most recent year and as of the publication date of the annual report  
Status in the holding or disposal of Company shares by subsidiaries.

Unit: NTD thousand; shares; %

Subsidiary's name (Note 1)	Paid-in capital	Source of funding	The Company's shareholding ratio	Date of acquisition or disposition	No. of shares acquired and amount (Note 2)	No. of shares disposed of and amount (Note 2)	Investment gains/losses	Number and amount of shares held as of the publication date of the annual report (Note 3)	Pledge establishment status (Note 4)	The amount endorsed by Company for subsidiaries	The Company's loan amount to its subsidiaries

Note 1: Please list separately for each subsidiary.

Note 2: The amount mentioned refers to the actual acquisition or disposal amount.

Note 3: The possession and disposal status shall be listed separately.

Note 4: Explain the impact on the Company's operating results and financial status.

IV. Other supplementary information: None.

V. Matters occurred in the most recent year and as of the publication date of the annual report that has a significant impact on the shareholders' equity or securities prices pursuant to Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act: None.

Yeou Yih Steel Co., Ltd.



Chairperson: Hsien-Tung Liu

