

Stock Code: 9962



有益鋼鐵股份有限公司

YEOU YIH STEEL CO., LTD

2024 Regular Shareholders' Meeting

Meeting Handbook

June 19, 2024

**Location: Gangshan Benjhou Industrial Park Service Center auditorium.
(No.17,Bengong Rd.,Gangshan Dist., Kaohsiung)**

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One. Agenda

Yeou Yih Steel Co., Ltd.

2024 Regular Shareholders' Meeting Agenda

Meeting Time: June 19, 2024 (Wednesday), 9:00 AM

Meeting Location: No. 17, Bengong Road, Gangshan District, Kaohsiung City (Gangshan Benjhou Industrial Park Service Center Hall)

Convening method: physical shareholders' meeting

I. Meeting Called to Order

II. Chairperson Address

III. Report Items

1. 2023 Business Report
2. 2023 Audit Committee Review Report
3. 2023 Employee and Director Remunerations Distribution Status Report
4. 2023 Earning Distribution and Cash Dividends Status Report

IV. Approval Items

1. Proposal for the 2023 Business Report, Financial Statements, and Surplus Distribution.

V. Election and Discussion Items

1. Fully Reelect the 10th Board of Director Members
2. Proposal to Lift the Non-competition Restriction for New Directors and their Representatives

VI. Extraordinary Motions

VII. Adjournment

Two. Report Items

(I) 2023 Business Report, submitted for approval.

Please refer to pages 2-7 of this handbook for details on the 2023 Business Report.

(II) 2023 Audit Committee Review Report, submitted for approval.

Please refer to page 8 of this handbook for details on the Audit Committee Review Report.

(III) 2023 Employee and Director Remunerations Distribution Status Report, submitted for approval.

1. Handled in accordance with Article 26 of the Company's "Articles of Incorporation."
2. The Company's 2023 employee remunerations were estimated at NT\$2,968,175, and the director remunerations were NT\$2,968,175. There is no difference between the preceding remuneration and the recognized expenses, all paid in cash.

(IV) 2023 Earning Distribution and Cash Dividends Status Report, submitted for approval.

1. The Company's board of directors has resolved to distribute cash dividends to shareholders in the amount of NT\$99,242,286, equivalent to NT\$1.10 per share. The cash dividends shall be distributed up to the nearest dollar. Any fractional amounts less than one dollar are aggregated and recognized as other income of the Company. The board's chairman is authorized to determine the record date for the dividend distribution, the payment date, and other related matters.
2. The chairman has resolved to set the record date for the cash dividend distribution as April 25, 2024, and the payment date as May 10, 2024.

2023 Business Report

The stainless steel industry experienced a downturn in 2023, primarily due to a decline in demand caused by China's economic slowdown and the real estate bubble, as well as excess stainless steel production capacity and falling stainless steel prices. This had a direct impact on domestic stainless steel exports. The Company actively procured low-priced stainless steel products and strengthened its business promotion efforts, increasing annual sales volume. As a result, the Company's full-year revenue remained flat, and it maintained stable profitability. The Company's operating revenue in 2023 was NT\$3.4996 billion, its after-tax net profit was NT\$113.76 million, and its earnings per share was NT\$1.26.

The stainless steel industry is expected to remain in a consolidation phase in early 2024. The Company will continue implementing cost control measures, procuring competitive raw materials, and managing inventory levels effectively. With the efforts of all colleagues, we aim to successfully achieve the operation goals and create profits to give back to shareholders.

I. 2023 Business Report

(I) Business Plan Implementation Results:

The Company's consolidated profit and loss for 2023 are as follows:

Unit: Thousand NTD

	2023	2022	Difference
Net operating revenue	3,499,597	3,530,808	-31,211
Operating cost	-3,258,720	-3,168,241	-90,479
Operating profit margin	240,877	362,567	-121,690
Operating expenses	-99,567	-111,499	-11,932
Operating income	141,310	251,068	-109,758
Non-operating income & expense	1,235	16,803	-15,568
Net income before tax	142,545	267,871	-125,326
Income tax	-28,782	-54,820	-26,038
Net income after tax	113,763	213,051	-99,288
Earnings per Share	NT\$1.26	NT\$2.36	NT\$-1.10
Diluted earnings per share	NT\$1.26	NT\$2.35	NT\$-1.09

(II) Budget execution status: the Company did not disclose its financial forecast 2023, so the budget execution status is not applicable.

(III) Financial revenue/expenditure and profitability analysis:

Item		2023	2022
Financial structure	Debt-to-asset ratio (%)	21.09	19.52
	The ratio of long-term funds to real estate, plant, and equipment (%)	353.20	425.61
Solvency	Current ratio (%)	375.10	421.10
	Quick ratio (%)	83.95	99.01
	Interest coverage ratio	39.01	147.69
Profitability	Return on assets (%)	14.51	13.50

	Return on equity (%)		9.65	18.61
	Ratio accounted for the paid-up capital (%)	Operating income	15.66	27.82
		Pre-tax profit	15.79	29.69
	Net profit rate (%)		3.25	6.03
	Earnings per share (NT\$)		1.26	2.36

(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	2021/06/04-2024/06/03
4	Obtained the Norwegian "DNV NV304L/NV316L Shipbuilding Materials Factory Verification" certification	2021/06/19-2024/06/30
5	Obtained a "Certificate of Approval for Radiation Detection Work in the Steel Industry" from the Nuclear Safety Commission, Executive Yuan	2021/07/05-2027/07/04
6	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	2024/04/01-2027/03/31

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 2024 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	35.160	The 2024 sales plan formulated according to the production capacity and market forecasts

(III) Important production and sales policies:

Business Development	Production and Marketing Policies
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 outbreak of the Russia-Ukraine war in February 2022 triggered a rapid spread of panic and a surge in panic buying, leading to an increase in demand for steel. On the other hand, persistently high global prices and aggressive interest rate hikes by advanced economies like the United States have also impacted business investment and consumer spending. This has led to weakening steel demand since the second half of 2022 and a buildup of high inventories that have been difficult to clear.

The lifting of lockdowns in mainland China in early 2023 was met with a simultaneous confluence of shocks, including credit crises in European and American banks, a string of debt defaults by large Chinese real estate companies, insufficient crude steel adjustment measures in mainland China, and weak steel demand. This "strong supply, weak demand" situation, coupled with frequent geopolitical risks, has repeatedly delayed the recovery of the steel market.

However, recent positive economic developments, including rising PMI indices for

manufacturing in both the United States and China, an expansion of the OECD-CLI leading indicator since June of this year, a moderation in global inflation trends, the nearing end of the interest rate hike cycle in Europe and the United States, strengthening leading indicators for the US economy, declining Treasury yields, and easing corporate financing pressures, have bolstered government spending, enhancing the resilience of consumer and employment markets.

According to the latest forecast from the International Monetary Fund (IMF), global GDP growth is expected to reach 2.9% in 2024. Taiwan's steel industry, which relies heavily on exports, has recently seen a rebound in export orders and annual export growth rates, with exports returning to positive growth in September and expected to continue recovering next year. In addition, with sustained investment demand in new technologies, net-zero carbon emissions, and steady growth in consumer spending, the Taiwanese economy is expected to regain momentum in 2024.

Furthermore, China entered its winter environmental production restriction period in the fourth quarter of this year. According to the China Iron and Steel Association, the average daily crude steel production in the latter half of October was 2.62 million tons, down 14% from the peak of 3.04 million tons in the latter half of July. China's social steel inventory has declined from a high of 12.21 million tons in mid-August to 9.49 million tons in late October, a decrease of 22%. In Europe, seven blast furnaces have also been shut down in succession, with the production reduction effect taking hold. World Steel Association statistics show that global crude steel production in September of this year was 149.3 million tons, down 1.5% year-on-year. The contraction of the supply side is conducive to restoring the balance between supply and demand in the steel market.

Meanwhile, downstream steel demand in the United States remains strong, with steel plate delivery times extending to eight weeks. Taiwan's domestic construction industry has also bottomed out, and the government is actively promoting various infrastructure and public projects. The public construction budget 2024 has reached NT\$588.6 billion, setting a new historical high. The ongoing Forward-Looking Infrastructure Plan, the steady recovery of real estate buying interest, and the construction of new plants by high-tech companies are all signs of a turnaround in the construction industry, which is expected to lead to a resurgence in demand for construction materials such as rebar and structural steel.

As a result, North American hot-rolled coil (HRC) spot prices have risen by a cumulative \$280 per ton since their low of \$710 per ton in late September of this year. Cold-rolled coil (CRC) prices have also risen by \$220 per ton over the same period. US steelmakers have announced that HRC prices will increase to over \$1,100 per ton in the first quarter of 2024. The strong upward momentum of steel prices is conducive to supporting the recovery of international steel prices. After the November holiday, Chinese HRC spot prices have increased by over RMB¥230 per ton (about US\$32). Baosteel announced its December price list on November 10, with prices for plate products rising by RMB¥50-100 per ton, reflecting market stabilization and traders starting to replenish inventories. In addition, steel mills such as Hoa Sen Group and Formosa Ha Tinh in Vietnam are also increasing their pricing. European steel prices have also strengthened, with hot-rolled coil spot prices in Northern and Southern Europe rising by nearly US\$40 since mid-October.

According to the Steel Association, the upward momentum of steel prices in Europe and the United States will drive up Asian steel prices. The performance in the fourth quarter of this year is expected to be better than the third quarter, and the first quarter of next year will also be better than the fourth quarter of this year. Due to the New Year holidays and the Spring Festival in the first quarter of next year, the steel market is expected to show a steady upward trend. The

second quarter of next year is the traditional peak season for the steel industry, and the steel market is expected to return to an upward trajectory. The World Steel Association (WSA) in October revised up its global steel demand growth forecast for 2024 to 1.9%, with steel demand expected to increase by 34.6 million tons from 2023 (of which Europe, a major export destination for Taiwan, is expected to increase by 10 million tons, India by 9.7 million tons, Asia excluding India by 6.9 million tons, and the United States by 1.5 million tons). The Taiwan Institute of Economic Research (TIER) has also revised up its economic growth forecast for Taiwan in 2024 to 3.15%, an increase of 1.72% from its previous forecast and nearly double the expected GDP growth rate for 2023.

Looking ahead to 2024, with a significant rebound in manufacturing investment, continued support from investment demand in new technologies and net-zero emissions, a cooling of geopolitical risks, control over high inflation levels, and a slowdown in interest rate hikes in Europe and the United States, the global steel market is expected to outperform this year. However, the impact of uncertainties such as the conflict in Nagorno-Karabakh, the Russia-Ukraine war, and geopolitical risks in the Middle East, as well as the implementation of the EU's Carbon Border Adjustment Mechanism (CBAM) and global net-zero emissions requirements, on steel costs still needs to be closely observed.

Chairperson: Hsien-Tong Liu Manager: Jui-Hsin Chang Accounting supervisor: Chung-Chih Chen

Yeou Yih Steel Co., Ltd.
Audit Committee's Review Report

The board of directors has formulated and submitted the 2023 Business Report, Financial Statements (including Consolidated Financial Statements), and Surplus Distribution proposals. The Financial Statements (including Consolidated Financial Statements) have been audited by CPAs Shu-Man Tsai and Kuo-Ming Li of Crowe Horwath (TW) CPAs, and their audit report is attached. The audit committee reviewed the preceding business report, financial statements (including consolidated financial statements), and profit distribution proposal; no discrepancy was found. The documents are hereby submitted according to Article 14-4 of the Securities Exchange Act and Article 219 of the Company Act for your approval.

2024 General Shareholders' Meeting of Yeou Yih Steel Co., Ltd.

Convener of the Audit Committee: Yu-Liang Pan

March 12, 2024

Three. Approval Items

Motion 1: Proposed by the Board of Directors

Subject: Proposal for the 2023 Business Report, Financial Statements, and Surplus Distribution submitted for ratification.

Description: I. The Company's 2023 financial statements have been audited and signed off by CPAs Shu-Man Tsai and Kuo-Ming Li of Crowe Horwath (TW) CPAs. The financial statements, business reports, and surplus distribution tables were submitted to the Audit Committee for review and completion following board approval. The Audit Committee found no inconsistencies and issued an audit report accordingly.

II. Please refer to pages 2-7 and pages 10-32 of this handbook for various documents in this case.

III. Proposed for ratification.

Yeou Yih Steel Co., Ltd.
Earnings Distribution Table
2023

Unit: NTD

Item	Amount
Undistributed earnings at the beginning of the period	70,334,046
Plus: Net profit after tax for 2023	113,763,910
Disposal of equity instruments measured at FVTOCI	751,836
Other comprehensive income (remeasured amount from benefit plan defined in 2023)	(627,906)
Reversal of special surplus reserve	(1,776,086)
Provision of 10% of legal reserve	(11,388,784)
Earnings available for distribution	171,057,016
Allocation Items:	
Shareholder cash dividends (NT\$1.1)	(99,242,286)
Undistributed earnings at the end of the period	71,814,730
Note:	
Per share outstanding: 90,220,260 shares.	

Chairperson: Hsien-Tong Liu Manager: Jui-Hsin Chang Accounting supervisor: Chung-Chih Chen

Resolution:

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, 2023 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

Sen-Tong Liu
Chairman

March 12, 2024

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, 2023 and 2022, 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, 2023 and 2022, 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, 2023. 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, 2023 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, 2023, inventory was \$858,352 thousand and accounted for 58.76% 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 are evaluating the correctness of the valuation allowance, including obtaining the lower valuation information of inventory cost and net realizable value prepared by management, and verifying the estimated selling price data to the latest sales records; The basis and rationality of management's estimate of net realizable value.

Revenue recognition

Please refer to Note 4.17 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 6.18 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; and analyzing the two-year operating revenue status of industry trends, revenue types, and customer groups to confirm whether there are any abnormal situations or concentrated transactions to identify Possible risks; conduct sampling tests on the sales revenue transactions of the top ten newly added customers to confirm the authenticity of the sales transactions and perform sales revenue cut-off point testing.

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, 2023 and 2022 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, 2023 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 Shu Man Tsai and Kuo Ming Lee.

Crowe (TW) CPAs
Kaohsiung, Taiwan
Republic of China

March 12, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to 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, 2023		December 31, 2022	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6.1	\$173,667	12	\$211,799	14
Accounts receivable, net	6.2	57,948	4	45,947	3
Other receivables	6.3	13,178	1	16,124	1
Current income tax assets		17	-	-	-
Inventories	6.4	858,352	59	873,376	59
Prepayments		2,107	-	28,249	2
Other financial assets - current	6.5	3,300	-	3,300	-
Total current assets		1,108,569	76	1,178,795	79
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income or loss - noncurrent	6.6	15,840	1	26,830	2
Property, plant and equipment	6.7	329,895	23	285,407	19
Right-of-use assets	6.8	2,872	-	-	-
Intangible assets	6.9	-	-	196	-
Deferred income tax assets	6.24	2,885	-	2,809	-
Refundable deposits		684	-	635	-
Total noncurrent assets		352,176	24	315,877	21
TOTAL ASSETS		\$1,460,745	100	\$1,494,672	100
Liabilities and Equity					
CURRENT LIABILITIES					
Short-term loans	6.10	\$231,325	17	\$104,731	8
Contract liabilities - current	6.18	4,335	-	7,883	1
Notes payable		5,463	-	6,299	-
Accounts payable		6,971	-	71,999	5
Other payables	6.11	42,886	3	51,033	3
Current tax liabilities		2,397	-	36,399	2
Provisions - current	6.12	1,517	-	1,583	-
Lease liabilities - current	6.8	640	-	-	-
Total current liabilities		295,534	20	279,927	19
NONCURRENT LIABILITIES					
Deferred income tax liabilities	6.24	-	-	45	-
Lease liabilities - noncurrent	6.8	2,290	-	-	-
Net defined benefit liability - noncurrent	6.13	10,356	1	11,850	1
Total noncurrent liabilities		12,646	1	11,895	1
TOTAL LIABILITIES		308,180	21	291,822	20

Liabilities and Equity	Note	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
EQUITY					
Share capital	6.14				
Common stock		902,203	61	902,203	59
Capital surplus	6.15	8,385	1	8,385	1
Retained earnings	6.16				
Legal reserve		59,531	4	37,852	3
Special reserve		1,543	-	-	-
Unappropriated earnings		184,222	13	255,953	17
Other equity	6.17	(3,319)	-	(1,543)	-
Total equity attributable to owners of the parent		1,152,565	79	1,202,850	80
NON-CONTROLLING INTERESTS		-	-	-	-
Total equity		1,152,565	79	1,202,850	80
TOTAL LIABILITIES AND EQUITY		<u>\$1,460,745</u>	<u>100</u>	<u>\$1,494,672</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			
		2023		2022	
		Amount	%	Amount	%
OPERATING REVENUE	6.18	\$3,499,597	100	\$3,530,808	100
OPERATING COST	6.4	(3,258,720)	(93)	(3,168,241)	(89)
GROSS PROFIT (LOSS)		240,877	7	362,567	11
OPERATING EXPENSES					
Sales and marketing		(38,401)	(1)	(41,120)	(1)
General and administrative		(61,159)	(2)	(70,379)	(2)
Expected credit gain (loss)	6.2	(7)	-	-	-
Total operating expenses		(99,567)	(3)	(111,499)	(3)
INCOME (LOSS) FROM OPERATIONS		141,310	4	251,068	8
NON-OPERATING INCOME AND EXPENSES					
Interest income	6.20	1,739	-	593	-
Other income	6.21	4,867	-	5,369	-
Other gains and losses	6.22	(1,621)	-	12,667	-
Finance cost	6.23	(3,750)	-	(1,826)	-
Total non-operating income and expenses		1,235	-	16,803	-
INCOME (LOSS) BEFORE INCOME TAX		142,545	4	267,871	8
INCOME TAX BENEFIT (EXPENSE)	6.24	(28,782)	(1)	(54,820)	(2)
NET INCOME (LOSS)		113,763	3	213,051	6
OTHER COMPREHENSIVE INCOME (LOSS)	6.25				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation		(785)	-	1,943	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		(1,024)	-	642	-
Income tax benefit (expense) related to items that will not be reclassified subsequently to profit or loss		157	-	(389)	-
Total other comprehensive income (loss), net of income tax		(1,652)	-	2,196	-
TOTAL COMPREHENSIVE INCOME (LOSS)		\$112,111	3	\$215,247	6
NET INCOME (LOSS) ATTRIBUTABLE TO					
Shareholders of the parent		\$113,763	3	\$213,051	6
Non-controlling interests		-	-	-	-
Total		\$113,763	3	\$213,051	6
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Shareholders of the parent		\$112,111	3	\$215,247	6
Non-controlling interests		-	-	-	-
Total		\$112,111	3	\$215,247	6
EARNINGS (LOSS) PER SHARE					
Basic earnings (loss) per share	6.26	\$1.26		\$2.36	
Diluted earnings (loss) per share	6.26	\$1.26		\$2.35	

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								
	Retained Earnings					Other Equity Item			
	Common Stock	Capital Surplus	Legal reserve	Special Reserve	Unappropriated Earnings	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Shareholders of the parent	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2022	\$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)
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 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
Appropriations and distributions of prior years' earnings:									
Legal reserve	-	-	21,679	-	(21,679)	-	-	-	-
Reversal of special reserve	-	-	-	1,543	(1,543)	-	-	-	-
Cash dividends - \$1.8 per share	-	-	-	-	(162,396)	-	(162,396)	-	(162,396)
Net income (loss) in 2023	-	-	-	-	113,763	-	113,763	-	113,763
Other comprehensive income (loss) in 2023, net of income tax	-	-	-	-	(628)	(1,024)	(1,652)	-	(1,652)
Total comprehensive income (loss) in 2023	-	-	-	-	113,135	(1,024)	112,111	-	112,111
Disposal of financial instruments designated at fair value through other comprehensive income	-	-	-	-	752	(752)	-	-	-
BALANCE AT DECEMBER 31, 2023	\$902,203	\$8,385	\$59,531	\$ 1,543	\$184,222	(\$3,319)	\$1,152,565	\$ -	\$1,152,565

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	
	2023	2022
1.CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$142,545	\$267,871
Adjustments to reconcile profit (loss)		
Depreciation	16,702	16,512
Amortization	639	778
Expected credit losses (reversal)	7	-
Interest expense	3,750	1,826
Interest income	(1,739)	(593)
Dividend income	(840)	(820)
Loss (gain) on disposal and retirement of property, plant and equipment	172	(300)
Property, plant and equipment transfer to expense	-	544
Total adjustments to reconcile profit (loss)	18,691	17,947
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Decrease (increase) in accounts receivable	(12,008)	57,475
Decrease (increase) in other receivables	2,835	(141)
Decrease (increase) in inventories	15,024	269,104
Decrease (increase) in prepayments	26,142	10,380
Total net changes in operating assets	31,993	336,818
Net changes in operating liabilities:		
Increase (decrease) in contract liabilities	(3,548)	(3,553)
Increase (decrease) in notes payable	(836)	844
Increase (decrease) in accounts payable	(65,028)	36,624
Increase (decrease) in other payables	(15,069)	16,508
Increase (decrease) in provisions	(66)	(1,805)
Increase (decrease) in net defined benefit liability	(2,279)	(172)
Total net changes in operating liabilities	(86,826)	48,446
Total changes in operating assets and liabilities	(54,833)	385,264
Total adjustments	(36,142)	403,211
Cash generated from (used in) operations	106,403	671,082
Interest received	1,745	546
Dividends received	840	820
Interest paid	(3,571)	(1,960)
Income tax refund (paid)	(62,765)	(49,880)
Net cash generated from (used in) operating activities	42,652	620,608

Item	Year Ended December 31	
	2023	2022
2.CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income or loss	-	(39,454)
Proceeds from disposal of financial assets at fair value through other comprehensive income or loss	9,966	13,266
Acquisition of property, plant and equipment	(54,468)	(39,905)
Proceeds from disposal of property, plant and equipment	105	815
Increase in refundable deposits	(49)	-
Decrease in refundable deposits	-	45
Acquisition of intangible assets	(443)	(443)
Net cash generated from (used in) investing activities	(44,889)	(65,676)
3.CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	126,594	-
Decrease in short-term loans	-	(352,475)
Repayments of lease principal	(93)	-
Cash dividends paid	(162,396)	(99,242)
Other financing activities	-	298
Net cash generated from (used in) financing activities	(35,895)	(451,419)
4.NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(38,132)	103,513
5.CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	211,799	108,286
6.CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$173,667</u>	<u>\$211,799</u>

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

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, 2023 and 2022, 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, 2023 and 2022, 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, 2023. 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, 2023 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, 2023, inventory was \$858,352 thousand and accounted for 58.77% 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, including obtaining the lower valuation information of inventory cost and net realizable value prepared by management, and verifying the estimated selling price data to the latest sales records; The basis and rationality of management's estimate of net realizable value.

Revenue recognition

Please refer to Note 4.17 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 6.19 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; and analyzing two-year operating revenue status of industry trends, revenue types, and customer groups to confirm whether there are any abnormal situations or concentrated transactions to identify Possible risks; conduct sampling tests on the sales revenue transactions of the top ten newly added customers to confirm the authenticity of the sales transactions and perform sales revenue cut-off point testing.

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, 2023 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 Shu Man Tsai and Kuo Ming Lee.

Crowe (TW) CPAs
Kaohsiung, Taiwan
Republic of China

March 12, 2024

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, 2023		December 31, 2022	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6.1	\$153,547	11	\$185,304	12
Accounts receivable, net	6.2	57,948	4	45,947	3
Account receivable - related parties, net	6.2,7	-	-	7,541	1
Other receivables	6.3	13,059	1	15,885	1
Inventories	6.4	858,352	58	871,404	58
Prepayments		1,704	-	27,725	2
Other financial assets - current	6.5	3,300	-	3,300	-
Total current assets		1,087,910	74	1,157,106	77
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income or loss - noncurrent	6.6	15,840	1	26,830	2
Investments accounted for using equity method	6.7	20,386	1	20,673	1
Property, plant and equipment	6.8	329,895	24	285,407	20
Right-of-use assets	6.9	2,872	-	-	-
Intangible assets	6.10	-	-	196	-
Deferred income tax assets	6.24	2,800	-	2,788	-
Refundable deposits		648	-	635	-
Total noncurrent assets		372,537	26	336,529	23
TOTAL ASSETS		\$1,460,447	100	\$1,493,635	100
Liabilities and Equity					
CURRENT LIABILITIES					
Short-term loans	6.11	\$231,325	17	\$104,731	8
Contract liabilities - current	6.19	4,139	-	7,234	-
Notes payable		5,463	-	6,299	-
Accounts payable		6,971	-	71,999	5
Other payables	6.12	42,784	3	50,890	3
Current tax liabilities		2,397	-	36,186	2
Provisions - current	6.13	1,517	-	1,583	-
Lease liabilities - current	6.9	640	-	-	-
Total current liabilities		\$295,236	20	\$278,922	18

Liabilities and Equity	Note	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
NONCURRENT LIABILITIES					
Deferred income tax liabilities	6.24	-	-	\$13	-
Lease liabilities - noncurrent	6.9	2,290	-	-	-
Net defined benefit liability - noncurrent	6.14	10,356	1	11,850	1
Total noncurrent liabilities		12,646	1	11,863	1
TOTAL LIABILITIES		307,882	21	290,785	19
EQUITY					
Share capital	6.15				
Common stock		902,203	60	902,203	60
Capital surplus	6.16	8,385	1	8,385	1
Retained earnings	6.17				
Legal reserve		59,531	4	37,852	3
Special reserve		1,543	-	-	-
Unappropriated earnings		184,222	13	255,953	17
Other equity	6.18	(3,319)	-	(1,543)	-
TOTAL EQUITY		1,152,565	79	1,202,850	81
TOTAL LIABILITIES AND EQUITY		\$1,460,447	100	\$1,493,635	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			
		2023		2022	
		Amount	%	Amount	%
OPERATING REVENUE	6.19	\$3,496,341	100	\$3,531,799	100
OPERATING COST	6.4	(3,256,748)	(93)	(3,170,213)	(89)
GROSS PROFIT (LOSS)		239,593	7	361,586	11
UNREALIZED SALES PROFIT		-	-	(291)	-
REALIZED SALES PROFIT		291	-	-	-
OPERATING EXPENSES					
Sales and marketing		(38,123)	(1)	(40,757)	(1)
General and administrative		(60,724)	(2)	(70,058)	(2)
Expected credit gain (loss)	6.2	(7)	-	-	-
Total operating expenses		(98,854)	(3)	(110,815)	(3)
INCOME (LOSS) FROM OPERATIONS		141,030	4	250,480	8
NON-OPERATING INCOME AND EXPENSES					
Interest income	6.21	1,554	-	534	-
Other income	6.22	4,986	-	5,489	-
Other gains and losses	6.23	(1,637)	-	12,064	-
Finance cost	6.24	(3,750)	-	(1,826)	-
Share of profit (loss) of subsidiaries, associates and joint ventures		290	-	904	-
Total non-operating income and expenses		1,443	-	17,165	-
INCOME (LOSS) BEFORE INCOME TAX		142,473	4	267,645	8
INCOME TAX BENEFIT (EXPENSE)	6.25	(28,708)	(1)	(54,594)	(2)
NET INCOME (LOSS)		113,765	3	213,051	6
OTHER COMPREHENSIVE INCOME (LOSS)	6.26				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation		(785)	-	1,943	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		(1,024)	-	642	-
Income tax benefit (expense) related to items that will not be reclassified subsequently to profit or loss		157	-	(389)	-
Total other comprehensive income (loss), net of income tax		(1,652)	-	2,196	-
TOTAL COMPREHENSIVE INCOME (LOSS)		\$112,113	3	\$215,247	6
EARNINGS (LOSS) PER SHARE					
Basic earnings (loss) per share	6.27	\$1.26		\$2.36	
Diluted earnings (loss) per share	6.27	\$1.26		\$2.35	

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	
	Common Stock	Capital Surplus	Legal reserve	Special Reserve	Unappropriated Earnings	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2022	\$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 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, 2023	902,203	8,385	37,852	-	255,953	(1,543)	1,202,850
Appropriations and distributions of prior years' earnings:							
Legal reserve	-	-	21,679	-	(21,679)	-	-
Cash dividend - \$1.8 per share	-	-	-	-	(1,543)	-	-
Reversal of special reserve	-	-	-	1,543	(162,396)	-	(162,396)
Net income (loss) in 2023	-	-	-	-	113,763	-	113,763
Other comprehensive income (loss) in 2023, net of income tax	-	-	-	-	(628)	(1,024)	(1,652)
Total comprehensive income (loss) in 2023	-	-	-	-	113,135	(1,024)	112,111
Disposal of financial instruments designated at fair value through other comprehensive income	-	-	-	-	752	(752)	-
BALANCE AT DECEMBER 31, 2023	\$902,203	\$8,385	\$59,531	\$1,543	\$184,222	(\$ 3,319)	\$1,152,565

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	
	2023	2022
1.CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$142,473	\$267,645
Adjustments to reconcile profit (loss)		
Depreciation	16,702	16,512
Amortization	639	778
Expected credit loss (gain)	7	-
Interest expense	3,750	1,826
Interest income	(1,554)	(534)
Dividend income	(840)	(820)
Share of loss (profit) of subsidiaries, associates and joint ventures	(290)	(904)
Loss (gain) on disposal and retirement of property, plant and equipment	172	(300)
Property, plant and equipment transfer to expense	-	544
Unrealized sales profit	-	291
Realized sales profit	(291)	-
Total adjustments to reconcile profit (loss)	18,295	17,393
Net changes in operating assets and liabilities:		
Net changes in operating assets:		
Decrease (increase) in accounts receivable	(4,467)	49,934
Decrease (increase) in other receivables	2,717	(93)
Decrease (increase) in inventories	13,052	271,076
Decrease (increase) in prepayments	26,021	10,447
Total net changes in operating assets	37,323	331,364
Net changes in operating liabilities:		
Increase (decrease) in contract liabilities	(3,095)	(4,173)
Increase (decrease) in notes payable	(836)	844
Increase (decrease) in accounts payable	(65,028)	36,624
Increase (decrease) in other payables	(15,028)	16,521
Increase (decrease) in provisions	(66)	(1,805)
Increase (decrease) in net defined benefit liability	(2,279)	(172)
Total net changes in operating liabilities	(86,332)	47,839
Total changes in operating assets and liabilities	(49,009)	379,203
Total adjustments	(30,714)	396,596
Cash generated from (used in) operations	111,759	664,241
Interest received	1,558	494
Dividends received	1,708	820
Interest paid	(3,571)	(1,960)
Income tax refund (paid)	(62,427)	(49,878)
Net cash generated from (used in) operating activities	49,027	613,717

Item	Year Ended December 31	
	2023	2022
2.CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income or loss	-	(\$39,454)
Proceeds from disposal of financial assets at fair value through other comprehensive income or loss	9,966	13,266
Acquisition of property, plant and equipment	(54,468)	(39,905)
Proceeds from disposal of property, plant and equipment	105	815
Increase in refundable deposits	(49)	-
Decrease in refundable deposits	-	45
Acquisition of intangible assets	(443)	(443)
Net cash generated from (used in) investing activities	(44,889)	(65,676)
3.CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	126,594	-
Decrease in short-term loans	-	(352,475)
Repayments of lease principal	(93)	-
Cash dividends paid	(162,396)	(99,242)
Other financing activities	-	298
Net cash generated from (used in) financing activities	(35,895)	(451,419)
4.NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(31,757)	96,622
5.CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	185,304	88,682
6.CASH AND CASH EQUIVALENTS - END OF YEAR	<u>153,547</u>	<u>185,304</u>

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

Four. Election and Discussion Items

Motion 1: Proposed by the Board of Directors

Subject: Fully Reelect the 10th Board of Director Members

Description : (I) The terms of office of the company's current directors will expire on July 20, 2024.

Therefore, the company proposes to hold a general election of directors at the upcoming regular shareholders' meeting. According to the Articles of Incorporation, 9 directors shall be elected at this meeting, including 3 independent directors. The newly elected directors shall assume office on the date of their selection and serve a 3-year term from June 19, 2024, to June 18, 2027.

(II) The Company's directors (including independent directors) shall be elected via the candidate nomination system by the shareholders from the candidate list. The list of nominees for the 10th board of directors (including independent directors) approved by the board of directors on May 7, 2024, is as follows:

Nominees for the 10th Board of Directors (Including Independent Directors)

Name	Education Background	Experience	Shares held
Hong Yu Industrial Co., Ltd. representative: Hsien-Tong Liu (Director)	Rider University, Colorado, USA Master of Management Studies	Chairperson of Yeou Yih Steel Co., Ltd. Chairman of PACIFIC HARBOUR STEVEDORING CORP. Chairman of Kaohsiung Chamber of Commerce Chairman of Tang Eng Iron Works Co., Ltd.	1,500,000 shares
Hong Yu Industrial Co., Ltd. representative: Yi-Chun Liu (director)	Department of International Business, I-Shou University	Special Assistant to Chairman of Sym Wang Iron Steel Co., Ltd. Chairman of Yijia Development Co., Ltd.	1,500,000 shares
Yusheng Investment & Development Co., Ltd. Representative Ching-Tsong Huang (Director)	Department of Accounting, Feng Chia University	Chairperson of Zichuan Investment Co., Ltd. Director of Xinglong Investment Co., Ltd. Deputy General Manager of Yusheng Investment & Development Co., Ltd.	5,409,129 shares
Hung-Sheng Liu (Director)	Doctor of Public Administration from the University of La Verne	Professor of Public Administration at Shih Hsin University Director of Bank of Kaohsiung Co., Ltd. Director of Yeou Yih Steel Co., Ltd. Independent Director of Powertech Industrial Co., Ltd. Professor and Dean of the Department of Public Policy and Management, I-	500,000 shares

		Shou University	
Chien-Liang Liu (Director)	National Kaohsiung University of Applied Sciences Master's program in the Department of Wealth and Tax Management	Deputy General Manager of Yeou Yih Steel Co., Ltd. Business Department Manager for Yeou Yih Steel Co., Ltd.	136,103 shares
Chien-Hua Huang (Director)	Department of Arts & Culture, Open University of Kaohsiung	Director of Yeou Yih Steel Co., Ltd. Supervisor of Yeou Yih Steel Co., Ltd.	2,201,000 shares
Yu-Liang Pan (Independent Director)	Executive Master of Business Administration (EMBA), NSYSU	Independent Director of Yeou Yih Steel Co., Ltd. Yeou Yih Steel Co., Ltd. Audit Committee Convener, Yeou Yih Steel Co., Ltd. Remuneration Committee Member Special Assistant to the Chairman of Qualipoly Chemical Corp. Kaohsiung County Councilor Mayor of Yanchao Township	0 shares
Mei-Yao Chang (Independent Director)	PhD, Department of Industrial Science and Technology Education, National Kaohsiung Normal University	Independent Director of Yeou Yih Steel Co., Ltd. Remuneration Committee Convener of Yeou Yih Steel Co., Ltd. Audit Committee Member of Yeou Yih Steel Co., Ltd. Full-time Associate Professor of Cheng Shiu University Adjunct Associate Professor of National Kaohsiung First University of Science and Technology Director of Qingyuan Nursery School	0 shares
Yi-Ting Tsai (Independent Director)	Kaohsiung Medical University Department of Healthcare Administration and Medical Informatics Master's in-service Program in Healthcare Management National Sun Yat-sen University Executive Master of Business Administration (EMBA) in-service Program Master of Management	E-Da Healthcare Group E-Da Hospital Medical Development Center Chief Strategy Officer Associate Dean of Medical Affairs at E-Da Hospital in Pingtung Associate Professor of Medicine at I-Shou University Director of Emergency Medicine at E-Da Hospital Assistant Professor of Medicine at I-Shou University	0 shares

Election result:

Motion 2: Proposed by the Board of Directors

Subject: Proposal to Lift the Non-competition Restriction for New Directors and their Representatives.

Description: (I) According to Article 209 of the Company Act, a director who engages in activities

for themselves or others within the Company's business scope must explain the main content of their actions to the shareholders' meeting and obtain their approval.

- (II) New directors of the Company who have invested in or run other companies with business scopes related to or similar to that of the Company and serve as directors or managers of such companies shall, in accordance with the law, submit to the shareholders' meeting for approval. If the new directors elected by the Company have the circumstances mentioned above, the Company agrees to lift the restrictions on competition for the directors and their representatives.

- (III) The competition content for director candidates is as follows:

Candidate Category	Candidate Name	Combined Company and Position
Director	Hong Yu Industrial Co., Ltd. Representative Hsien-Tong Liu	Director of Sumi Steel Co., Ltd.
Director	Hong Yu Industrial Co., Ltd. Representative Yi-Chun Liu	Director of Sym Wang Iron Steel Co., Ltd.
Director	Yusheng Investment & Development Co., Ltd. Representative Ching-Tsong Huang	Corporate Director Representative of Yieh Phui Enterprise Co., Ltd. Corporate Director Representative of YIEH MAU CORPORATION

- (IV) Submitted for discussion.

Resolution:

Five. Extraordinary Motions

Six. Adjournment

Appendix 1

Yeou Yih Steel Co., Ltd.

Articles of Incorporation

Article 1: This Company is organized according to the Company Act under the name of 有益鋼鐵股份有限公司. The Company's English name is YEOU YIH STEEL CO., LTD.

Article 2: The Businesses operated by this company are shown at the left:

- I. Stainless steel products heat treatment, leveling, cutting, and pickling processing operations.
- II. Processing and trading of various types of steel.
- III. Machinery and hardware trading businesses.
- IV. The import and export trade businesses for products listed above.
- V. All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company has established its head office in Kaohsiung City, and branch offices or subsidiaries may be based domestically or overseas upon a resolution of the board of directors as it deems necessary and with competent authority's approval.

Article 4: The Company may engage in external guarantees for business needs.

Article 5: The Company may consider the necessity of external reinvestment due to business needs and may serve as a limited liability shareholder of another company through a board of directors resolution. The total investment amount shall not be restricted by the relevant reinvestment quota stipulated in Article 13 of the Company Act.

Chapter 2. Shares

Article 6: The Company's registered capital is NT\$1.2 billion divided into 120 million shares; each share is valued at NT\$10, and the board of directors is authorized to issue the shares in installments according to actual needs.

Article 7: The share certificates of the Company shall be in registered form and signed or sealed by the Director representing the Company and shall be certified for issuance of the share certificates according to the laws. The shares issued by the Company are exempt from printing, but should be registered with a centralized securities depository.

Article 8: Transfer of shares shall be discontinued within 60 days prior to a regular meeting of shareholders, 30 days prior to an extempore shareholders' meeting, or 5 days prior to the record (base) date scheduled to allocate dividend, bonus, or other interests.

Article 9: The Company's stock affairs shall be handled according to the "Regulations Governing the Administration of Shareholder Services of Public Companies" set forth by the competent authority.

Chapter 3. Shareholders' Meeting

Article 10: Shareholder meetings are divided into regular meetings and special meetings. Regular meetings are held annually within 6 months of the conclusion of each fiscal year. Special meetings are convened when necessary according to legal requirements. Electronic means shall be listed as one of the channels for shareholders to exercise their voting rights when convening a shareholders' meeting, and the relevant operations shall be handled according to the regulations of the competent authority.

The Company's shareholders' meetings may be held virtually or through other methods as approved by the central competent authority. Video conference shareholders' meetings shall conform to the conditions, operating procedures, and other matters provided by relevant regulations. Any regulations stipulated by the competent securities authority shall prevail.

Article 11: If a shareholder is unable to attend the shareholders' meeting in person, a proxy can be appointed by completing the Company's proxy form and specifying the scope of delegated authority. In addition to Article 177 of the Company Act, a proxy may also be designated to attend on behalf of a shareholder who is absent pursuant to the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies"

stipulated by the competent authority.

Article 12: The Company's shareholders shall have one voting right per share, but the Company shall have no voting rights for its self-owned shares obtained pursuant to law.

Article 13: Unless otherwise stipulated in the relevant regulations, any resolutions in a shareholders' meeting shall be approved by a majority vote at a meeting attended by shareholders in person or by proxy representing at least one-half of its outstanding shares. Any resolutions in a shareholders' meeting for matters listed at the left shall be approved by a majority vote at a meeting attended by shareholders in person or by proxy representing at least two-thirds of the total shares issued.

I. Purchasing or merging other domestic and foreign enterprises.

II. Dissolution, liquidation, or division.

Article 14: Shareholder meetings are convened by the board of directors and chaired by the chairman. In the absence of the chairman, a director designated by the chairman shall act as chair. If no designation is made, the directors shall elect one of their own to act as chair. If the meeting is convened by someone other than the board of directors, that person shall act as chair. If there are two or more conveners, they shall elect one of their own to act as chair.

Article 15: Shareholders' meeting resolutions shall be compiled into detailed minutes and signed or sealed by the chair before disseminating them to each shareholder no later than 20 days after the meeting. The distribution of the minutes mentioned above shall be handled according to Article 183 of the Company Act.

Chapter 4. Directors and Audit Committee

Article 16: The company has 9 directors, each with a term of 3 years.

According to the provisions set forth in Article 14-2 of the Securities and Exchange Act, there shall be at least 3 independent directors among the number of directors above, which shall not be less than one-fifth of the cumulative total number of directors.

The candidate nomination system shall be adopted for director elections according to Article 192-1 of the Company Act. The shareholders' meeting shall elect the directors from a list of candidates, and the directors may be reelected.

The total shareholding ratio of all directors shall comply with the regulations established by the securities regulatory authority.

The Company shall establish the Audit Committee according to Article 14-4 of the Securities and Exchange Act. The Audit Committee shall be composed of no less than 3 independent directors, wherein one of the members shall be the convener. The Audit Committee's functional duties and other required compliance matters shall be handled according to the applicable laws and regulations or otherwise determined by the board of directors.

Article 17: If the board of directors is short by up to one-third of its members, the board of directors must call an extempore shareholders' meeting within 30 days to elect the supplemental members, who shall serve out the terms of the vacant members they were elected to replace. Following the public offering of the Company's shares, the board of directors shall call an extempore shareholders' meeting within 60 days to elect the supplemental members.

Article 18: The board of directors shall be composed of directors. The chairman shall be elected by a two-thirds majority of the directors present and a majority vote of the directors present. A deputy chairman may also be elected in the same manner as deemed necessary. The chairman shall represent the Company externally. In case the chairman is on leave or absent or cannot exercise his/her power and authority for any cause, the proxy thereof shall be handled according to the provision of Article 208 of the Company Act.

Article 19: The directors shall be notified 7 days in advance if the Company's board of directors decides to convene a meeting. However, a meeting may convene at any time during an emergency.

The convening notice mentioned in the preceding paragraph shall state the reason and be executed in correspondence, by email, or fax.

The directors shall attend in person during the board of director meetings. When a director cannot attend for some reason, the director shall issue a power of attorney, enumerate the scope of authorization for the meeting, and entrust another director to attend on his/her behalf. However, one person is limited to being designated by one director. Independent directors shall attend in person or be represented by other independent directors and not be represented by non-independent directors.

Article 20: Unless otherwise specified by the Company Act, the board of directors' resolutions can only be passed if over half of the board members are present during the meeting and the majority of the attending directors vote in favor.

When the directors have their stakes in the matters of the meeting, they shall explain the important contents of

such stakes to the board of directors.

Article 21: If a director of the Company concurrently holds other positions, the remuneration payment for the positions shall be handled by the chairman 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 23: The Company's board of directors may establish a remuneration committee or other functional committees according to the business operation needs.

Chapter 5. Managers

Article 24: The Company shall appoint managers. The managers' appointment, discharge, and remuneration shall be handled according to Article 29 of the Company Act.

Chapter 6. Accounting

Article 25: At the end of each fiscal year, the board of directors of the company shall prepare the following lists and submit them to the regular shareholders' meeting for approval.

- I. Business report.
- II. Financial statement.
- III. Proposal for surplus distribution or loss supplement.

Article 26: If the Company makes a profit for the year, it shall allocate 2% of the employee's remuneration and no more than 3% of the director's 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. 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.

Suppose the Company intends to distribute all or part of the dividends, bonuses, capital

reserve, or statutory surplus reserve in cash. In that case, the proposal shall be authorized by a board of directors meeting with over 2/3 of the board members attending and approved by over half of those present at the meeting or reporting the case to a 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 based on future needs and profit status.

Chapter 7. Supplementary Provisions

Article 28: The Company's corporate charter and working rules shall be separately formulated by the board of directors.

Article 29: Matters not addressed by this Articles of Incorporation shall be governed by the Company Act and the relevant regulations.

Article 30: The establishment or revision of this Articles of Incorporation shall be implemented after approval by the competent authorities.

Article 31: This Articles of Incorporation was established on December 18, 1995

The 1st amendment was made on October 20, 1997

The 2nd amendment was made on December 31, 1997

The 3rd amendment was made on June 24, 1999

The 4th amendment was made on March 28, 2000

The 5th amendment was made on December 26, 2000

The 6th amendment was made on June 12, 2002

The 7th amendment was made on June 03, 2003

The 8th amendment was made on April 23, 2004

The 9th amendment was made on May 03, 2005

The 10th amendment was made on October 24, 2006

The 11th amendment was made on May 24, 2007

The 12th amendment was made on June 11, 2008

The 13th amendment was made on May 25, 2010

The 14th amendment was made on May 18, 2011

The 15th amendment was made on June 14, 2012

The 16th amendment was made on June 11, 2015

The 17th amendment was made on June 14, 2016

The 18th amendment was made on June 15, 2017

The 19th amendment was made on June 10, 2020

The 20th amendment was made on July 21, 2021

The 21st amendment was made on June 06, 2022

Yeou Yih Steel Co., Ltd.

Rules of Procedure of Shareholders' Meetings

Article 1. The Shareholders' Meeting Procedure Rules (hereinafter "the Rules") are formulated pursuant to Article 5 of the Corporate Governance Best Practice Principles for compliance by the Company to establish a sound governance system for shareholders' meetings, improve the supervision capacity, and strengthen the management function.

Article 2. The Company's Shareholders' Meeting Procedure Rules shall prevail unless otherwise provided by the laws or the Articles of Incorporation.

Article 3. Unless otherwise specified by the laws or the Articles of Incorporation, the board of directors shall convene the Company's shareholders' meetings.

Changes to the convening method for the Company's shareholders' meeting shall be subject to a board resolution and must be implemented before the shareholders' meeting notice is dispatched.

The Company shall, within 30 days prior to the regular shareholders' meeting or 15 days prior to the special shareholders' meeting, prepare electronic files of the notice of shareholders' meeting, proxy forms, agendas, explanatory materials for ratification and discussion items, and proposals for the election or removal of directors, and transmit them to the Market Observation Post System.

The Company shall prepare electronic versions of the shareholders' meeting handbook and supplemental meeting materials and upload them to the MOPS 21 days before the date of the general shareholders' meeting or 15 days before the date of the special shareholders' meeting. If, however, the Company has a paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders' meeting held in the immediately preceding year, transmission of these electronic files shall be made 30 days before the general shareholders' meeting.

The Company shall prepare the meeting handbook and supplementary materials for the current shareholders' meeting 15 days prior to the shareholders' meeting for shareholders to review at any time, and shall display them at the Company's premises and the professional proxy agency commissioned by the Company.

For the procedure manual and supplementary meeting materials mentioned in the preceding paragraph, the Company shall provide references to shareholders in the following manners on the shareholders' meeting day:

- I. For physical shareholders' meetings, to be distributed on-site at the meeting.
- II. For hybrid shareholders' meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
- III. For virtual-only shareholders' meetings, electronic files shall be shared on the virtual meeting platform.

The notice shall specify the reason for the convening; if the counterparty approves the notice, it may be prepared in electronic format. Election or dismissal of directors, amendment of Articles of Association, capital reduction, application for cessation of public offering, relief of directors' non-competition agreement, capital increase from surplus, capital increase from public reserves, company dissolution, merger, division or matters specified in Paragraph 1 of Article 185 of the "Company Act," Articles 26-1 and 43-6 of the "Securities and Exchange Act," and Articles 56-1 and 60-2 of the "Regulations Governing the Offering and Issuance of Securities by

Securities Issuers” shall be listed and explained in the reason for the convening and shall not be proposed as an extempore motion.

Where re-election of all directors and supervisors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders’ meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a general shareholders’ meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. If a shareholder’s proposal involves one of the conditions specified by Paragraph 4, Article 172-1 of the Company Act, the proposal shall be excluded from the board of directors meeting.

A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda. The Company shall announce, before the book closure date of the Annual General Meeting, the conditions, places, written or electronic acceptance method, and time within which shareholders’ proposals are accepted. The timing of acceptance must not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the general shareholders’ meeting and take part in discussion of the proposal.

The Company shall advise the proposing shareholder of the handling results before the date of notice for the shareholders’ meeting and list the proposals conforming to the provision of this Article in the meeting notice. For shareholders’ proposals that are not included in the discussion, the board of directors shall explain the reasons for rejection at the shareholders’ meeting.

Article 4: During each shareholders’ meeting, the shareholders may issue a power of attorney printed by the Company, specifying the scope of authorization, and appoint a proxy to attend the meeting.

Each shareholder may only issue one power of attorney to appoint only one proxy, which shall be delivered to the Company five days before the convening shareholders’ meeting. In the event of any repetitive powers of attorney, the one served first shall prevail. However, such a provision does not apply to the powers of attorney issued before the declaration of revocation.

After a power of attorney is delivered to the Company, shareholders who wish to attend the shareholders’ meeting shall notify the Company in writing or electronically of the revocation of the proxy two days before the shareholders’ meeting. In the event of overdue revocation, the voting right exercised by the authorized proxy shall prevail.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting virtually, a written notice of proxy cancellation shall be submitted before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5: (Shareholders’ Meeting Location and Time Principles)

The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders' meeting.

Article 6: (Preparation of Documents such as Signature Book)

The Company shall specify the reporting time, location, and other matters requiring attention for the accepted shareholders, solicitors, and entrusted proxies (hereafter "shareholders").

The preceding registration time shall be at least 30 minutes before the meeting. The registration area shall be clearly identified, and sufficient personnel must be deployed to handle the registration matters. Registration for shareholders' meetings conducted via video conferencing shall be accepted on the shareholders' meeting video conference platform 30 minutes before the start of the meeting. Shareholders who have completed the registration shall be deemed to be present at the shareholders' meeting in person.

The shareholders must present the attendance certificate, sign-in card, or other attendance certificates to attend the shareholders' meeting. Except for the documents required for shareholders to attend, the Company shall not arbitrarily request other supporting documents. The proxy with a power of attorney must present ID documents for verification.

The Company shall prepare the sign-in book for the attending shareholders to sign in, or the attending shareholders may hand in the sign-in cards in lieu of signing in.

The Company shall deliver the meeting handbooks, annual reports, attendance certificates, speech slips, voting ballots, and other meeting materials to the shareholders attending the shareholders' meeting. If there is any election of directors, the election ballots shall be attached.

For the shareholder who is a government or legal person, the number of representatives attending the shareholders' meeting is not limited to one person. When a legal person is appointed to attend the shareholders' meeting, only one representative of such a legal person may be appointed to attend the meeting.

In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.

In the event of a virtual shareholders' meeting, the Company shall upload the meeting handbook, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

Article 6-1: (Matters to be included in the Notice of Convening a Shareholders' Meeting via Video Conference)

The Company shall convene a virtual shareholders' meeting by stating the following in the notice of the shareholders' meeting:

I. Shareholder video conference participation and rights exercising method.

II. Handling methods for video conference platforms or participation obstacles caused by natural disasters, incidents, or other force majeure circumstances shall include at least the following:

(I) The time when the meeting has to be postponed or adjourned due to the persistence of the obstacle before the occurrence of the event and the date

when the meeting has to be postponed or adjourned.

- (II) Shareholders who have not registered to participate in the original shareholders' meeting virtually are not allowed to participate in the adjourned or reconvened meeting.
- (III) In case of a hybrid shareholders' meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.
- (IV) Actions to be taken if the outcome of all proposals has been announced and the extraordinary motion has not been carried out.

III. If a shareholders' meeting is convened via video conferencing, appropriate alternatives shall be provided for shareholders who have difficulty attending the shareholders' meeting via video conferencing.

Article 7 (Chairperson and Attending Staff of Shareholders' Meeting)

If the board of directors convenes a shareholders' meeting, the meeting shall be chaired by the Chairman of the Board. When the Chairman of the Board is on leave or unable to exercise his/her power and authority, the Vice Chairman is to act as a proxy. Suppose there is no Vice Chairman or the Vice Chairman is also on leave or unable to exercise his/her power and authority for any reason. In that case, the Chairman shall appoint one of the Managing Directors to act as chair, or, if there are no Managing Directors, one of the Directors shall be appointed to serve as chair. Where the Chairman does not make such a designation, the Managing Directors or the Directors shall select one Director as a proxy from among themselves.

The chairman of the preceding paragraph shall be a managing director or a director who has served for more than six months and has a proper understanding of the Company's financial and business status. The same applies if the chairman is the representative of the legal person directors.

The shareholders' meeting convened by the board of directors shall be chaired by the chairman in person and attended by a majority of the board directors and at least one delegate from each functional committee. Also, the attendance shall be documented in the meeting minutes.

If a person convenes the shareholders' meeting with the right to convene other than the board of directors, the chairman shall be the person with the right to convene. If two or more persons have the right to convene meetings, one of such persons shall be elected as the chairman.

The Company may designate appointed lawyers, accountants, or relevant personnel to attend the shareholders' meeting as attendees.

Article 8: (Video or Audio Recording for the Shareholders' Meeting)

The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures. The audio-visual materials in the preceding paragraph shall be retained for at least one

year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Where a shareholders' meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

In case of a virtual shareholders' meeting, it is advisable that the Company shall audio and video record the back-end operations interface of the virtual meeting platform.

Article 9: Attendance at the shareholders' meeting shall be calculated on the basis of shares. The number of shares held by those present and those registered via the video conferencing platform shall be calculated based on the signature book or the sign-in card submitted, plus the number of shares exercising voting rights in writing or electronically.

The chair shall call the meeting to order at the scheduled meeting time and announce information such as the number of non-voting rights and the number of shares present.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the share amount present is still insufficient after 2 delays but is over 1/3 of the total issued shares, the chair shall announce the meeting aborted. If the shareholders' meeting is to be held via video conferencing, the company shall also announce the meeting aborted through the video conferencing platform.

If the share amount present does not exceed 1/3 of the total issued shares after 2 delays, a tentative resolution may be passed pursuant to Article 175, Paragraph 1 of the Company Act, and notify the shareholders of the tentative resolution and reconvene the shareholder's meeting within 1 month. If the shareholders' meeting is to be held via video conferencing, Shareholders who wish to attend by video conferencing shall re-register with the Company according to Article 6.

When, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 10: If the board of directors convenes the shareholder meeting, the board of directors shall determine the meeting proceeding. The relevant discussions (including temporary motions and amendments to the original discussions) shall be decided on a case-by-case voting basis, and the proceeding cannot be changed unless resolved during the shareholder meeting.

Suppose the shareholders' meeting is convened by a person other than the board of directors who has the right to convene. In that case, the preceding paragraph's provisions shall apply mutatis mutandis.

Before the meeting (including extraordinary motions) has been concluded, the chair shall not declare the meeting adjourned without a resolution. Suppose the chair violates the procedure rules and announces the meeting has adjourned. In that case, other members of the Board of Directors shall promptly assist the shareholders present in electing one person to serve as the chair and continue the meeting according to the

procedures established by law, and continue the meeting.

The chair shall provide sufficient explanations and opportunities for discussion on the proposals and the amendments or extempore motions proposed by shareholders. When the chairman deems that the voting has reached a sufficient level, he/she may suspend the discussion and arrange a suitable time for voting.

Article 11: (Statements by Shareholders)

Before a shareholder present delivers a speech in the meeting, he/she must fill out a speech slip that states the main points of his/her address, his/her shareholder account number (or attendance certificate number), and account name. The chair shall determine the order of speeches to be delivered.

The attending shareholders who only submit the speech slip without making speeches are deemed to have not made speeches. If the content of the spoken speech is inconsistent with the record of speech slip, the content of the spoken speech shall prevail. Each shareholder's speech on the same proposal shall not exceed two times (each time shall not exceed five minutes) without the chairman's consent. However, if the shareholder's speech violates the regulations or exceeds the scope of the agenda, the chairman may stop such a shareholder from making a speech.

When an attending shareholder makes a speech, other shareholders shall not interfere with his/her speech unless having obtained the consent of the chairman and the speaking shareholder. The chairman shall stop anyone from violating the provision. When a legal person shareholder appoints two or more representatives to attend the shareholders' meeting, only one of these representatives may make a speech on each proposal. After attending shareholders' speeches, the chairman may reply in person or designate relevant personnel to respond.

Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declares the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

Article 12: (Voting Share Calculation, Recusal System)

The voting rights for a shareholders' meeting shall be calculated according to the number of shares.

The number of shares of shareholders without voting rights shall not be included in the total number of issued shares in the resolution of the shareholders' meeting.

Shareholders who have personal interests in the matters discussed in the meeting and may be harmful to the Company's interests shall not participate in voting and shall not exercise their voting rights on behalf of other shareholders.

The number of shares for which voting rights shall not be exercised based on the preceding Paragraph shall not be included in the number of voting rights of attending shareholders.

Except for a trust enterprise or a stock agency approved by the securities competent authority, when two or more shareholders appoint one proxy at the same time, the voting rights of the proxy shall not exceed 3% of the total voting rights of the issued shares.

The excess voting rights shall not be included.

Article 13: Shareholders have one voting right per share, except those restricted or have no voting

rights pursuant to Article 179, Paragraph 2 of the Company

When the Company convenes a shareholders' meeting, it may adopt electronic or written manners to exercise the voting rights; when exercising voting rights in writing or electronically, the method for exercising rights shall be specified in the shareholders' meeting convening notice. Shareholders who exercise their voting rights in writing or electronically are deemed to have attended the shareholders' meeting in person. However, the extraordinary motions and amendments to the original shareholders' meeting proposals shall be deemed as abstentions. Therefore, the Company must avoid proposing Extraordinary Motions and amendments to the original proposals.

In the event of exercising voting rights in writing or electronically according to the preceding paragraph, the statement of intent shall be delivered to the Company 2 days before the shareholders' meeting convenes. If there are multiple statements of intent, the first one delivered shall prevail. However, such a provision does not apply to those statements of intent issued prior to the declaration of revocation.

A shareholder who intends to attend a shareholders' meeting in person or via video conferencing after declaring his/her intention to exercise his/her voting right in writing or by electronic means shall revoke the earlier declaration of intent at least two days before the meeting. Otherwise, he/she shall exercise his/her voting right in writing or by electronic means. Suppose the voting rights are exercised in writing or electronically and a proxy is appointed via the power of attorney to attend the shareholders' meeting. In that case, the voting rights exercised by the proxy appointed shall prevail.

The vote for a proposal shall be passed with the approval of a majority of the shareholder voting rights present unless otherwise stipulated in the Company Act or the Company's Articles of Incorporation. At the time of voting, shareholders shall vote on a case-by-case basis after the total number of shareholder voting rights present is announced by the chair or the chair's proxy. The shareholders' approval, opposition, and abstention voting results shall be uploaded to the Market Observation Post System.

When there are several amendments or alternatives to the same proposal, the chairman shall determine the order of voting on a such proposal with the original one. If one of the proposals resolves, the other proposals shall be deemed rejected, and no further voting is required.

The chairman shall designate the scrutineers and vote-counters for voting on the resolution, but the scrutineers shall have the identity as shareholders.

The counting of votes for voting on proposals or elections at the shareholders' meeting shall be done at a public place at the venue of the meeting. After the votes are fully counted, the results shall be announced on the spot. They shall include the weight for statistics, and a record shall be made.

When the Company convenes a virtual shareholders' meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed to have abstained from voting.

In the event of a virtual shareholders' meeting, votes shall be counted at once after the chair announces the voting session ends and results of votes and elections shall be announced immediately.

When the Company convenes a hybrid shareholders' meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders' meeting in person, they shall revoke their registration two days before the shareholders' meeting in the same manner as they registered. If their

registration is not revoked within the time limit, they may only attend the shareholders' meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders' meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

Article 14: Where directors are elected in a shareholders' meeting, the election shall be duly handled according to the relevant rules and regulations of the Company. The outcome shall be announced on the spot, including the list of elected directors and the number of votes won.

The ballots for election in the preceding paragraph shall be sealed and signed by the scrutineers and be properly preserved for at least one year.

If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 15: Shareholders meeting resolutions shall be compiled into detailed minutes and signed or sealed by the meeting chairman before disseminating them to each shareholder no later than 20 days after the meeting. The production and distribution of meeting minutes may be conducted electronically.

The preceding meeting minutes may be announced via upload to the Market Observation Post System.

The minutes shall detail the date and venue of the meeting, the chair's name, the method of resolution, the proceedings and voting results of various motions (including statistical weights), and the number of votes obtained by each candidate during director and supervisor elections.

The minutes shall be retained for the duration of the existence of the Company.

Where a virtual shareholders' meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders' meeting, how the meeting is convened, the chair's and minute-taker's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholders' meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders' meeting online.

Article 16: (Public Announcement)

On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means and shall make an express disclosure of the same at the place of the shareholders' meeting. In the event of a virtual shareholders' meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During the Company's virtual shareholders' meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual

meeting platform. The same applies if there are other statistics regarding the total number of shares and voting rights from the shareholders present at the meeting. Suppose matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations. In that case, the Company shall upload the content of such resolution to the MOPS within the prescribed period.

Article 17: (Maintaining Venue Order)

Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or armbands.

The chairman may direct security personnel to maintain order at the venue. When the security personnel is present to assist in maintaining order, they shall bear armbands or ID cards displaying the word "SECURITY."

If the venue has any amplifying equipment installed, the chairman may stop the shareholders from speaking with such equipment other than those provided by the Company.

Suppose a shareholder violates the procedure rules, does not obey the chairman's corrections, obstructs the progress of the meeting, and refuses to comply. In that case, the chairman may direct the guards or security personnel to ask the shareholder to leave the venue.

Article 18: (Meeting Break and Continuation)

During a shareholders' meeting, the chair may announce a break at his/her discretion. During a *force majeure* event, the chair may suspend the meeting temporarily and announce the meeting continued at his or her discretion.

If the meeting venue cannot continue to be used before the agendas (including special motions) set by the shareholders' meeting are concluded, the shareholders' meeting may decide to find another venue to continue the meeting.

The shareholders' meeting may resolve to postpone or continue the meeting within 5 days according to Article 182 of the Company Act.

Article 19: (Information Disclosure for Video Conference)

In the event of a virtual shareholders' meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

Article 20: (Location of the Chair and Minute-taker of the Video-Conference Shareholders' Meeting)

When the Company convenes a virtual-only shareholders' meeting, both the chair and minute-taker shall be in the same location and the chair shall declare the address of their location when the meeting is called to order.

Article 21: (Connection Lost Handling)

In the event of a virtual shareholders' meeting, the Company may offer a simple connection test to shareholders prior to the meeting and provide relevant real-time services before and during the meeting to help resolve communication technical issues. In the event of a virtual shareholders' meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other *force majeure* events before the chair has announced the meeting adjourned and the obstruction continues for more than

30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders' meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders' meeting and have successfully signed in the meeting, but do not attend the postponed or resumed session, at the affected shareholders' meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

If the shareholders' meeting is extended or continued according to the provisions provided by Paragraph 2, the voting and vote counting that has been completed, the voting results declare that the list of elected directors need not be re-discussed or resolved again.

If a video-assisted shareholders' meeting held by the Company cannot continue due to issues described in Paragraph 2, the shareholders' meeting shall continue if the total number of shares in attendance still reaches the statutory quota for the shareholders' meeting resolution after deducting the number of shares attending the shareholders' meeting by video, and there is no need to extend or continue the meeting according to Paragraph 2.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on the meeting agenda of that shareholders' meeting.

When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders' meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies and Article 44-5, paragraph 2, Article 44-15 and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders' meeting that is postponed or resumed under the second paragraph.

Article 22: (Digital Gap Handling)

If the Company convenes a shareholders' meeting via video conferencing, appropriate alternatives shall be provided for shareholders who have difficulty attending the shareholders' meeting via video conferencing.

Article 23: The Rules shall be implemented after approval by the shareholders meeting, and the same shall apply to its amendments.

This procedure was established on October 21, 2003.

The 1st amendment was made on May 18, 2006.

The 2nd amendment was made on June 11, 2008.

The 3rd amendment was made on May 25, 2010.

The 4th amendment was made on June 14, 2012.

The 5th amendment was made on June 11, 2015.

The 6th amendment was made on July 21, 2021.

The 7th amendment was made on June 13, 2023.

Yeou Yih Steel Co., Ltd.

Director Election and Appointment Procedure

Article 1: This Procedure is formulated pursuant to Articles 21 and 41 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" to facilitate fair, just, and open elections for directors.

Article 2: Unless otherwise specified by law or the Articles of Incorporation, company directors shall be elected according to this Procedure.

Article 3: Company director selection shall consider the overall configuration of the board of directors. Diversity shall be considered for the composition of the board of directors, and appropriate diversified policies must be formulated for its operations, operating patterns, and development needs. Said policies shall include, but are not limited to, the following 2 major standards:

- I. Basic conditions and values: gender, age, nationality, and culture.
- II. 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 following knowledge, skills, and qualities to perform their duties:

- I. Operational judgment capability.
- II. Accounting and financial analysis capabilities.
- III. Operation and management capabilities.
- IV. Crisis management capability.
- V. Industry knowledge.
- VI. International market outlook.
- VII. Leadership capability.
- VIII. Decision-making capacity.

Over half of the director seats shall not be filled with spouses or relatives of the second degree.

The Company's board of directors shall consider adjusting the composition based on the performance evaluation results.

Article 4: The qualifications of this Company's directors shall conform to Articles 2, 3, and 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."

The election of this Company's directors shall conform to Articles 5, 6, 7, 8, and 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and be handled according to Article 24 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."

Article 5: The Company's directors shall be elected according to the candidate nomination system procedures provided by Article 192-1 of the Company Act.

If a director is dismissed for any reason and there are less than five directors, the Company shall conduct a by-election at the most recent shareholders meeting. However, if the number of directors vacancies reaches 1/3 of the seats specified in the Articles of Incorporation, the Company shall convene a by-election during a temporary shareholders' meeting 60 days after the fact.

If the number of independent directors is less than that required by Paragraph 1, Article 14-2 of the Securities and Exchange Act, the number shall be supplemented by-election during the latest shareholders meeting. If an independent director is terminated, a temporary shareholders meeting shall be held within 60 days to elect a supplement independent director.

Article 6: The Company shall adopt the cumulative voting method for director elections. Each share shall have voting rights equal to the directors to be elected and may be cast for a single candidate or split among multiple candidates.

Article 7: The board of directors shall prepare the same number of electoral votes as the number of directors to be elected, fill in the voting-right number, and distribute them to the shareholders present at the shareholders meeting. The elector's name may be replaced by the attendance card code listed on the voting ballot.

Article 8: The Company's directors shall be elected according to the quotas outlined in the Articles of Incorporation. The voting rights of independent and non-independent directors shall be calculated separately, and those with the most electoral votes represented by the electoral votes received shall be elected. If two or more persons have the same number of rights that exceed the prescribed number, the people with the same number of rights shall draw a lot to make the decision, and the chair shall draw the lot for those who are not present.

Article 9: Before an election, the chairman shall appoint ballot inspectors with shareholder status, ballot counters, etc., to perform various related duties. The board of directors shall prepare the ballot boxes, which the voting monitoring personnel must publicly check before voting.

Article 10: Ballot papers with any of the conditions listed at the left shall be deemed invalid:

- I. Voters who did not use ballot papers prepared by those with the right to convene.
- II. Blank ballots are inserted into the ballot box.
- III. The writing is illegible, cannot be identified, or altered.
- IV. The candidates filled in are inconsistent with the list of director candidates after verification.
- V. Other words were added in addition to the number of allocated voting rights.

Article 11: The ballot results, including the list of elected directors and the number of votes they received, shall be announced by the chairman on the spot after the vote ends.

The ballots for election in the preceding paragraph shall be sealed and signed by the scrutineers and be properly preserved for at least one year.

However, if the case involves a lawsuit, the materials shall be retained until the end of the case according to Article 189 of the Company Act.

Article 12: The Company's board of directors shall notify the elected directors respectively.

Article 13: This Procedure shall take effect once approved during a Shareholder Meeting. The same applies to all subsequent revisions.

Article 14: This Procedure was established on 12-20-2003

The 1st amendment was made on May 24, 1997.

The 2nd amendment was made on June 11, 2015.

The 3rd amendment was made on July 21, 2021.

Appendix 4

Yeou Yih Steel Co., Ltd.

Director Shareholding Status

- I. The Company's paid-in capital is NT\$902,202,600; and the number of shares issued is 90,220,260.
- II. Article 26 of the Securities and Exchange Act provided that:
The minimum number of shares held by all directors shall be 7,217,620 shares.
- III. Directors' individual and aggregate shareholding status as of the book closure date (04-21-2024) prior to this shareholders' meeting is as follows:

Title	Name	Date Elected	Tenure	Number of shares held during the election		Number of shares currently held	
				Number of shares (stocks)	Shareholding ratio	Number of shares (stocks)	Shareholding ratio
Chairperson	Hong Yu Industrial Co., Ltd. Representative: Hsien-Tong Liu	2021/7/21	3 years	1,500,000	1.66%	1,500,000	1.66%
Director	Yusheng Investment & Development Co., Ltd. Company Representative: Ching-Tsung Huang	2021/7/21	3 years	5,409,129	6.00%	5,409,129	6.00%
Director	Hsien-Jung Liu	2021/7/21	3 years	2,208,978	2.45%	1,801,978	2.00%
Director	Han-Chun Hsiao	2021/7/21	3 years	1,441,571	1.60%	741,571	0.82%
Director	Hung-Sheng Liu	2021/7/21	3 years	500,000	0.55%	500,000	0.55%
Director	Chien-Hua Huang	2021/7/21	3 years	2,050,000	2.27%	2,201,000	2.44%
Independent director	Chih-Hsueh Lin	2021/7/21	3 years	0	0.00%	0	0.00%
Independent director	Mei-Yao Chang	2021/7/21	3 years	0	0.00%	0	0.00%
Independent director	Yu-Liang Pan	2021/7/21	3 years	56,000	0.06%	0	0.00%
Total				13,165,678	14.60%	12,153,678	13.47%