

Yeou Yih Steel Co., Ltd.

## Minutes of the 2024 General Shareholders' Meeting

Time: June 19, 2024 (Tuesday), 9:00 AM.

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

Attendance: The total number of issued shares of the Company is 90,220,260 shares and the total number of shares in attendance was 48,353,279 shares (in which 1,341,235 shares attended the meeting via electronic means to vote), accounting for 53.59% of the total number of issued shares.

### Convening method: Physical shareholders' meeting

Chairperson: Chairman Hsien-Tung Liu Minutes taker: Li-Wen Chen

Directors in attendance: Chairman Hsien-Tung Liu, representative of Hong Yu Industrial Co., Ltd.; Director Ching-Tsung Huang, representative of Yusheng Investment & Development Co., Ltd.; Director Hsien-Jung Liu.; Director Hung-Sheng Liu.; Director Chien-Hua Huang.; Independent Director Mei-Yao Chang, Independent Director Yu-Liang Pan.

Personnel in presence: CPA Shu-Man Tsai Crowe Horwath (TW) CPAs ; Hung-Kang Chang,  
Attorney of Chihung Law Firm.

#### One. Chairperson Address: Omitted

## Two. Report Items:

- (I) The 2023 Business Report is submitted for approval; please refer to the attachment.
- (II) The 2023 Review Report of the Financial Statements from the Audit Committee is submitted for approval; please refer to the attachment.
- (III) The 2023 report on the distribution of remuneration for employees and Directors.
  - 1. Handled in accordance with Article 26 of the Company's "Articles of Incorporation."
  - 2. In 2023, the Company's employee and director remunerations were estimated at NT\$2,968,175 and NT\$2,968,175, respectively. There is no difference between the preceding remuneration and the recognized expenses, all of which were paid in cash.
- (IV) The report on the distribution of cash dividends from the 2023 earnings is submitted for approval.
  - 1. The Board of Directors resolved to allocate cash dividends of NT\$99,242,286 to shareholders and to distribute cash dividends of NT\$1.10 per share and authorize the Chairman to set the ex-dividends base date, payment date and other related matters.
  - 2. The Chairman of the Board of Directors resolved to set the ex-dividends base date as April 25, 2024, and the payout date as May 10, 2024.

### Three. Approval Items

### Motion 1: Proposed by the Board of Directors

Summary: The 2023 Business Report, Financial Statements and Earnings Distribution Statement are submitted for ratification.

Description: I. The financial statements of the Company for 2023 have been audited and completed by the attesting CPAs Shu-Man Tsai and Kuo-Ming Li of Crowe Horwath (TW) CPAs. The Board of Directors approved the Business Report and the Statement of Earnings Distribution and submitted them to the Audit

Committee for review, which concluded that there was no discrepancy and issued an audit report.

- II. Please refer to the attachments for various supporting information.
- III. Proposed for ratification.

Resolution: The voting results for the proposal are as follows:

Number of votes held by attending shareholders at the time of the ballot: 48,353,279 votes

Voting results	Ratio to votes held by attending shareholders
Number of votes for: 47,883,046 votes	99.02%
Number of votes against: 23,222 votes	0.04%
Number of invalid votes: 0 votes	0.00%
Number of votes waived/not cast 447,011 votes	0.97%

Based on the results of the vote, the proposal is approved as proposed.

#### 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	Department of Accounting, Feng Chia University	Chairperson of Zichuan Investment Co., Ltd. Director of Xinglong Investment Co., Ltd. Deputy General Manager of Yusheng	5,409,129 shares

Ching-Tsong Huang (Director)		Investment & Development Co., Ltd.	
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-Shou University	500,000 shares
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)	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

	in-service Program Master of Management		
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Voting Results : 2024 General Shareholders' Meeting Director and Independent Director List

Voting Date : June 19, 2024

Title	Elected Person		Voting results
	AccountNo/ID.No.	Account Name/Name	
Director	18635	Hong Yu Industrial Co., Ltd. representative: Hsien-Tong Liu	59,155,484 votes
Director	18635	Hong Yu Industrial Co., Ltd. representative: Yi-Chun Liu	49,457,404 votes
Director	10	Yusheng Investment & Development Co., Ltd. Representative Ching-Tsong Huang	48,908,021 votes
Director	69	Hung-Sheng Liu	47,978,749 votes
Director	204	Chien-Liang Liu	47,205,395 votes
Director	16	Chien-Hua Huang	46,314,973 votes
Independent Director	S10149****	Yu-Liang Pan	43,089,779 votes
Independent Director	S22078****	Mei-Yao Chang	43,046,648 votes
Independent Director	R12018****	Yi-Ting Tsai	42,726,292 votes

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 Corpopation

(IV) Submitted for discussion.

Resolution: The voting results for the proposal are as follows:

Number of votes held by attending shareholders at the time of the ballot: 48,353,279 votes

Voting results	Ratio to votes held by attending shareholders
Number of votes for: 47,770,857 votes	98.79%
Number of votes against: 98,403 votes	0.20%
Number of invalid votes: 0 votes	0.00%
Number of votes waived/not cast 484,019 votes	1.00%

Based on the results of the vote, the proposal is approved as proposed.

Five. Extraordinary Motions: None.

Six. Adjournment: the chairperson announced the adjournment of the meeting at 09:25 AM on the same day.

None of the shareholders proposed any questions at the shareholders' meeting.

## Attachment

### 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 Pre-tax profit	15.66 15.79
	Net profit rate (%)	27.82	29.69
	Earnings per share (NT\$)	3.25	6.03
		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 brewing prices. 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 Company's 2023 business report, financial statements (including consolidated financial statements), profit distribution proposals, etc. Among them, the financial statements (including the consolidated financial statements) have been audited by the attesting CPAs Shu-Man Tsai and Kuo-Ming Lee of Crowe Horwath (TW) CPAs and the audit reports were also issued. The audit committee reviewed the preceding business report, financial statements (including consolidated financial statements), and profit distribution proposal; no discrepancy was found. The documents are hereby submitted according to Article 14-4 of the Securities Exchange Act and Article 219 of the Company Act for approval.

Respectfully submitted,  
2024 General Shareholders' Meeting of Yeou Yih Steel Co., Ltd.  
Convener of the Audit Committee: Yu-Liang Pan

March 12, 2024

**Yeou Yih Steel Co., Ltd.  
Earnings distribution schedule  
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
Undistributed earnings at the beginning of the period	70,334,046

Note:

1. No. of shares: 90,220,260 shares.

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

### 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	%
<b>CURRENT ASSETS</b>					
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		<u>1,108,569</u>	<u>76</u>	<u>1,178,795</u>	<u>79</u>
<b>NONCURRENT ASSETS</b>					
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		<u>352,176</u>	<u>24</u>	<u>315,877</u>	<u>21</u>
<b>TOTAL ASSETS</b>		<u><u>\$1,460,745</u></u>	<u><u>100</u></u>	<u><u>\$1,494,672</u></u>	<u><u>100</u></u>

<b>Liabilities and Equity</b>					
<b>CURRENT LIABILITIES</b>					
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		<u>295,534</u>	<u>20</u>	<u>279,927</u>	<u>19</u>
<b>NONCURRENT LIABILITIES</b>					
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
<b>TOTAL LIABILITIES</b>		<b>308,180</b>	<b>21</b>	<b>291,822</b>	<b>20</b>
			<b>December 31, 2023</b>	<b>December 31, 2022</b>	
	<b>Liabilities and Equity</b>	<b>Note</b>	<b>Amount</b>	<b>%</b>	
<b>EQUITY</b>					
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
<b>NON-CONTROLLING INTERESTS</b>					
Total equity		-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,152,565</b>	<b>79</b>	<b>1,202,850</b>	<b>80</b>

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
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>				
<b>ATTRIBUTABLE TO:</b>				
Shareholders of the parent	\$112,111	3	\$215,247	6
Non-controlling interests	-	-	-	-
Total	\$ 112,111	3	\$ 215,247	6
<b>EARNINGS (LOSS) PER SHARE</b>				
Basic earnings (loss) per share	6.26	<u>\$1.26</u>	<u>\$2.36</u>	
Diluted earnings (loss) per share	6.26	<u>\$1.26</u>	<u>\$2.35</u>	

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		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)	-	-	-
<b>BALANCE AT DECEMBER 31, 2023</b>	<b>\$902,203</b>	<b>\$8,385</b>	<b>\$59,531</b>	<b>\$ 1,543</b>	<b>\$184,222</b>	<b>(\$3,319)</b>	<b>\$1,152,565</b>	<b>\$ -</b>	<b>\$1,152,565</b>

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
<b>1. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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
<b>Year Ended December 31</b>		
Item	2023	2022
<b>2.CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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)
<b>3.CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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)
<b>4.NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(38,132)</b>	<b>103,513</b>
<b>5.CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>211,799</b>	<b>108,286</b>
<b>6.CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$173,667</b>	<b>\$211,799</b>

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

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*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	%
<b>CURRENT ASSETS</b>					
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		<u>1,087,910</u>	<u>74</u>	<u>1,157,106</u>	<u>77</u>
<b>NONCURRENT ASSETS</b>					
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		<u>372,537</u>	<u>26</u>	<u>336,529</u>	<u>23</u>
<b>TOTAL ASSETS</b>		<b><u>\$1,460,447</u></b>	<b><u>100</u></b>	<b><u>\$1,493,635</u></b>	<b><u>100</u></b>

<b>Liabilities and Equity</b>					
<b>CURRENT LIABILITIES</b>					
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		<u>\$295,236</u>	<u>20</u>	<u>\$278,922</u>	<u>18</u>

Liabilities and Equity	Note	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
<b>NONCURRENT LIABILITIES</b>					
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
<b>TOTAL LIABILITIES</b>		<u>307,882</u>	<u>21</u>	<u>290,785</u>	<u>19</u>
<b>EQUITY</b>					
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)	-
<b>TOTAL EQUITY</b>		<u>1,152,565</u>	<u>79</u>	<u>1,202,850</u>	<u>81</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>\$1,460,447</u>	<u>100</u>	<u>\$1,493,635</u>	<u>100</u>

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)	<u><u>\$112,113</u></u>	<u><u>3</u></u>	<u><u>\$215,247</u></u>	<u><u>6</u></u>
<b>EARNINGS (LOSS) PER SHARE</b>				
Basic earnings (loss) per share	6.27	<u><u>\$1.26</u></u>	<u><u>\$2.36</u></u>	
Diluted earnings (loss) per share	6.27	<u><u>\$1.26</u></u>	<u><u>\$2.35</u></u>	

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)
<b>Total comprehensive income (loss) in 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113,135</b>	<b>(1,024)</b>	<b>112,111</b>
Disposal of financial instruments designated at fair value through other comprehensive income	-	-	-	-	752	(752)	-
<b>BALANCE AT DECEMBER 31, 2023</b>	<b>\$902,203</b>	<b>\$8,385</b>	<b>\$59,531</b>	<b>\$1,543</b>	<b>\$184,222</b>	<b>(\$ 3,319)</b>	<b>\$1,152,565</b>

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

Item	Year Ended December 31	
	2023	2022
<b>1. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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)	<u>18,295</u>	<u>17,393</u>
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	<u>37,323</u>	<u>331,364</u>
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	<u>(86,332)</u>	<u>47,839</u>

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
<b>2.CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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)
<b>3.CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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)
<b>4.NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	(31,757)	96,622
<b>5.CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>		
	185,304	88,682
<b>6.CASH AND CASH EQUIVALENTS - END OF YEAR</b>		
	153,547	185,304

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