



Stock Code: 2034

2023 Annual Report



Printed on May 10, 2024

Annual Report is available at:

<https://www.ycinox.com>

Taiwan Stock Exchange Market Observation Post System:

<https://mops.twse.com.tw>

YOUR CHOICE FOR STAINLESS



I. Spokesperson

Name: Chan, Lieh-Lin

Title: Deputy General Manager, Finance Department

Tel: +886-4-889-9666

Email: yftony@ycinox.com

II. Acting Spokesperson

Name: Li, Wei-Li

Title: Senior Manager, Finance Department

Tel: +886-4-889-9666

Email: yf@ycinox.com

III. Address and Phone Number of Headquarters and Mills

Headquarters: No. 270, Sec. 4, Jungshan Rd., Shijou Township, Chang-Hwa County, Taiwan

Shijou Mill: No. 270, Sec. 4, Jungshan Rd., Shijou Township, Chang-Hwa County, Taiwan

Tel: +886-4-889-9666

Puoshing Mill: No. 33, Sec.4, Yuanlu Rd., Puoshing Township, Chang-Hwa, Taiwan

Tel: +886-4-829-2226

Douliou Mill I: No. 29, Ke-jia Rd., Douliou City, Yunlin County, Taiwan

Tel: +886-5-551-1100

Douliou Mill II: No. 16, Ke-ban Rd., Douliou City, Yunlin County, Taiwan

Tel: +886-5-551-5880

IV. Stock Transfer Agent

Name: SinoPac Securities

Address: 3F, No. 17, Bo-Ai Road, Zhongzheng District, Taipei City

Tel: +886-2-2381-6288

Website: www.sinotrade.com.tw

V. Independent Auditors

Auditors: Done-Yuin Tseng, Shu-Chin Chiang

Company: Deloitte Touche Tohmatsu Limited

Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei 11073, Taiwan

Tel: +886-2-2725-9988

Website: www.deloitte.com.tw

VI. Overseas Securities Exchange

None.

VII. Corporate Website:

Website: www.ycinox.com

CONTENTS

I. A Letter to Our Shareholders

1.1 2023 Business Report	1
1.2 Summary of 2024 Business Plan	2

II. Corporate Overview

2.1 Date of Incorporation	4
2.2 Corporate Profile	4

III. Corporate Governance Report

3.1 Corporate Organization	5
3.2 Profile of Directors, CEO, Deputy General Managers, Senior Managers and Heads of Departments	7
3.3 Compensation of Directors, CEO and Deputy General Manager in the Most Recent Year	13
3.4 Implementation of Corporate Governance	19
3.5 Information of CPA Fees	53
3.6 Information on Replacement of CPAs	53
3.7 Information on the Company's Chairman, CEO or Managerial Officers Who Are Responsible for Accounting Matters Having Served in a CPA Firm or Its Affiliates in the Most Recent Year	53
3.8 Status of Changes in Shareholding Transfer or Shareholding Pledge of Directors, Managerial Officers and Major Shareholders Who Hold 10% or More Of the Company's Issued Shares	54
3.9 Relationship Information Between the 10 Largest Shareholders in Terms of Shareholding Ratio	55
3.10 The Ownership of Same Investees Held by the Company, its Directors and Managerial Officers, and Entities which Directly or Indirectly Controlled by the Company, with the Aggregate Ownership	55

IV. Capital Overview

4.1 Capital and Shares	56
4.2 Issuance of Corporate Bonds	60
4.3 Issuance of Preferred Shares	61
4.4 Issuance of Global Depositary Receipts	61
4.5 Issuance of Employee Stock Warrants	61
4.6 Issuance of New Restricted Employee Shares	61
4.7 Issuance of New Shares for Merger or Acquisition of Other Companies	61
4.8 Implementation of Capital Utilization Plan	61

V. Operation Highlights

5.1 Business Activities	62
5.2 Market and Sales Overview	65
5.3 Number of Employees	71
5.4 Information of Environmental Protection Expenditure	71
5.5 Labor Relations	72
5.6 Information communication safety management.....	76
5.7 Important Contracts	79

VI. Financial Overview

6.1 Five-Year Condensed Financial Statements	80
6.2 Five-Year Financial Analysis	82
6.3 Audit Committee's Review Report	84
6.4 Consolidated Financial Statements and Independent Auditor's Report	85
6.5 Parent company only Financial Statements and Independent Auditor's Report ...	85
6.6 Financial Difficulties	85

VII. Analysis of Financial Status and Financial Performance and Risk Management

7.1 Financial Status	86
7.2 Financial Performance	86
7.3 Cash Flow Analysis	87
7.4 Impact of Major Capital Expenditure on the Company's Finance and Business	88
7.5 Analysis of Investment	88
7.6 Risk Management and Evaluation	89
7.7 Other Important Matters	92

VIII. Special Disclosures

8.1 Information of Affiliated Companies	93
8.2 Issuance of Private Placement Securities	94
8.3 Acquisitions or Disposal of Shares of the Company by Subsidiaries	94
8.4 Other Supplementary Matters	94
8.5 In the most recent year up to the publication date of this annual report, any event which significantly affects shareholders' equity or share price pursuant to Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act.....	94

Appendix

Consolidated Financial Statements	95
Standalone Financial Statements	154

I. A Letter to Our Shareholders

In 2023, both the domestic and global stainless steel industries had not yet fully recovered. Therefore, the Company's performance in 2023 was similar to that of the previous year in 2022. Other than continued to reduce inventory level, the Company also made timely adjustments to the source of raw materials and the sales portfolio. In 2023, the total volume sold was increased by approximately 10.7% (compared to 2022), while sales were decreased by approximately 9.5%, meanwhile income before income tax was decreased by approximately 64.2% to 338,974 thousand, and net profit(loss) was decreased by approximately 132.8% to -169,815 thousand. The decrease in net profit(loss) is mainly due to the accumulated inflation rate exceeding 100% over the past three years in the economic environment of Türkiye. The subsidiary located in Türkiye has recognized a hyperinflation loss of 825,360 thousand in accordance with the International Accounting Standard 29 (IAS 29), "Financial Reporting in Hyperinflationary Economies."

Moreover, our mills in Türkiye have commenced mass production. We can not only be able to supply local customers to avoid tariff barriers, but to make best global sales arrangements according to global stainless steel production and supply/demand condition.

1.1 2023 Business Report

1.1.1 Operation Result:

Unit: NT\$ thousands

Items	2023	2022	Variance	Variance (%)
Stainless Steel Pipe/Tube	8,670,413	9,574,442	(904,029)	(9.4)
Stainless Steel Sheet/Coil	6,293,806	6,977,299	(683,493)	(9.8)
Other Stainless Steel Products	235,518	283,964	(48,446)	(17.1)
Electricity sales	32,440	4,610	27,830	603.7
Total	15,232,177	16,840,315	(1,608,138)	(9.5)

1.1.2 Budget Execution:

Unit: Metric Ton

Items	2023 Actual	2023 Budgeted (Note)	Achievement rate (%)
Stainless Steel Pipe/Tube	79,258	87,958	90.1
Stainless Steel Sheet /Coil	73,704	89,824	82.1
Other Stainless Steel Products	2,402	2,258	106.4
Total	155,364	180,040	86.3

Note: The updated 2023 annual budget of YC INOX have been adopted by the Board of Directors on December 29, 2023.

1.1.3 Condensed Financial Status and Profitability:

Unit: NT\$ thousands

Items / Year		2023	2022
Financial Result	Operating Revenue	15,232,177	16,840,315
	Gross Profit	1,100,974	2,176,813
	Income from Operations	338,974	947,907
	Net Profit(Loss)	(169,815)	518,282
Profitability	Return on Total Assets (%)	(0.28)	3.01
	Return on Equity (%)	(1.75)	5.23
	Ratio of Profit(Loss) before Income Tax to Paid-In Capital (%)	(3.13)	15.39
	Profit Margin (%)	(1.11)	3.07
	Earnings Per Share (NT\$)	(0.38)	1.16

1.1.4 Progress in Research and Development:

The Company operates in the stainless steel processing industry, with a research and development focus on improving processing techniques and enhancing machinery, equipment, and processes. Research and development of product processing techniques are handled by the Production Unit. Currently, all production processes are well-established, and efforts have been made to achieve automation goals. The introduction of laser welding technology, zero-emission automated pickling processes, and automated warehouse systems showcases the Company's innovative products and technologies, making it a leader in the industry. The Company's product quality and its commitment to environmental protection are highly appreciated by customers.

The Company has made significant breakthroughs and achievements in research and development in both stainless steel pipe/tube manufacturing speed and stainless steel sheet processing, aiming to make its products more suitable for market needs and create high-value-added products. We believe that these developments will greatly benefit market development and cost reduction efforts.

1.2 Summary of 2024 Business Plan

1.2.1 Operating Strategy

- A. Developing high value-added products and processing techniques, to enhance the competitiveness of our products.
- B. Aggressively expanding overseas emerging markets to diversify sales risks.
- C. Improving production efficiency and quality, reducing manufacturing costs.
- D. Strengthening the implementation of the internal control system to improve management.
- E. Enhancing employee education and training to improve employee quality and enhance the work quality and increase performance.
- F. Continuously promoting sustainable development strategies and action plans, fulfill corporate social responsibilities, and achieving sustainable development goals.

1.2.2 2024 Budget

Unit: Metric Ton

Items	2024 Budget	2023 Actual	Growth Rate (%)
Stainless Steel Pipe/Tube	102,080	79,258	28.8
Stainless Steel Sheet/Coil	98,230	73,704	33.3
Other Stainless Steel Products	4,110	2,402	71.1
Total	204,420	155,364	31.6

Explanation:

Against the backdrop of gradually easing global inflation, slower pace of interest rate hikes, and active economic stimulus measures implemented by various countries, the overall industry is poised to benefit from the recovery of end-demand and propel the steel market towards another period of prosperity. In the future, besides supplying products locally through overseas subsidiary, we will also continue to increase product added value to cope with the market changes. As for short-term annual sales targets, we will only make moderate adjustments to the product portfolio to maximize profits.

1.2.3 Important Policies of Production and Marketing

- A. Continuing to implement automatic equipment, to improve production techniques and efficiency so the manufacturing costs could be reduced.
- B. Strengthening and integrate domestic and exporting sales channels and developing high value-added products to enhance market competitiveness.
- C. Continuously evaluating overseas production bases in response to the trend of regional economics of the world.
- D. Using financial instruments efficiently and strengthen customer credit inquiries to avoid bad debts and protect the Company's interests.

Chairman: Chang, Chin-Yu

CEO: Chang, Chin-Yu

Chief Accounting Officer: Chang, Jung-Wei

II. Corporate Overview

2.1 Date of Incorporation: January 31, 1973

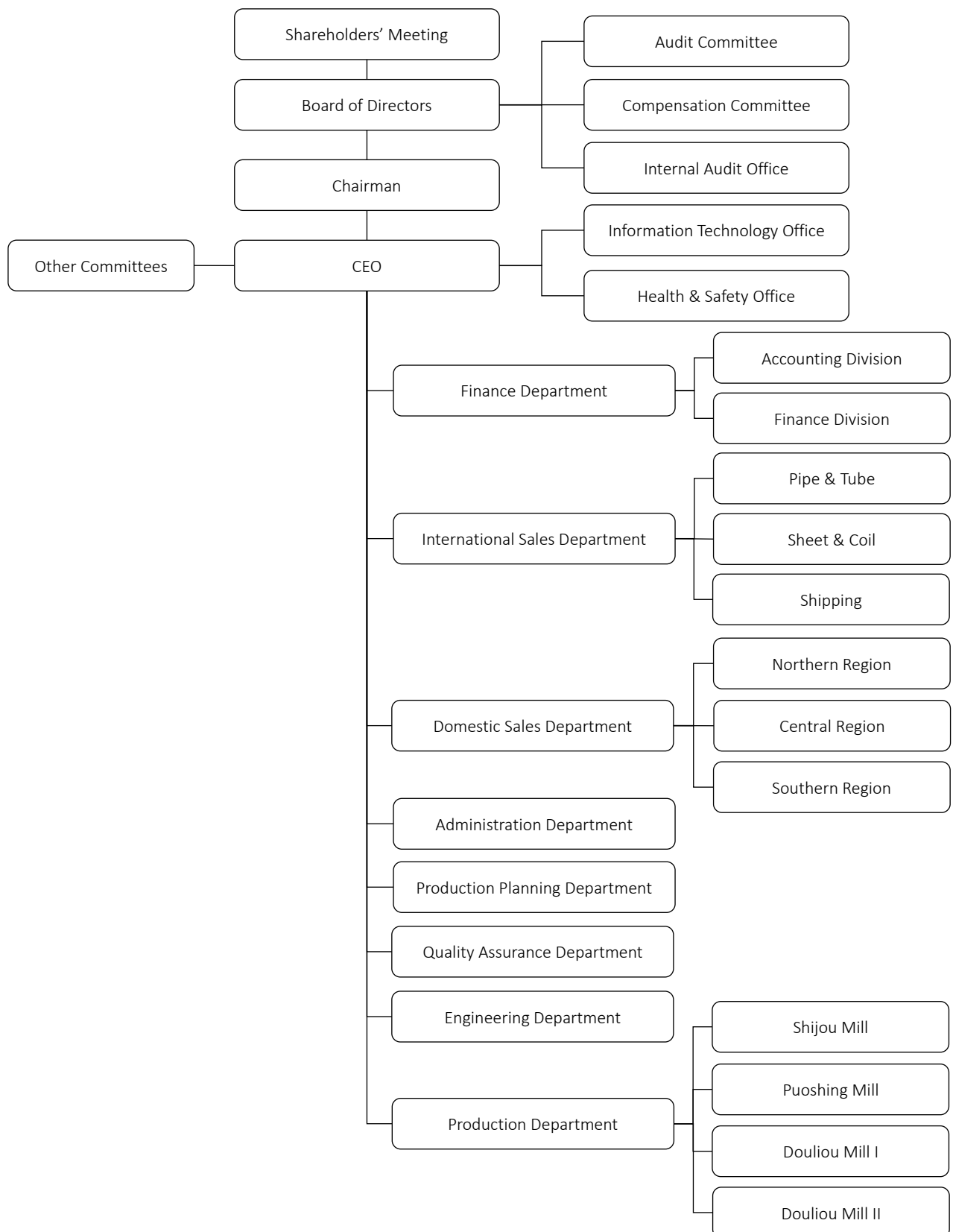
2.2 Corporate Profile

- 1973 YC was founded with initial production of welded pipes & Tubes.
- 1994 ISO 9002 certified.
- 1999 Listed in Gre Tai Securities Market (GTSM).
Capital: NT\$950 million
- 2001 Listed in Taiwan Stock Exchange Market (TPE: 2034).
- 2004 CR service center launched.
- 2005 HR service center launched.
PED 97/23/EC & AD2000 certified by TUV.
- 2007 Douliou Mill I CR/HR service center launched. Laboratory management system certified by ILAC-TAF ISO 17025:2005 (Laboratory Accreditation Code:1894).
- 2009 ISO 14001 & OHSAS 18001 certified by TUV.
- 2011 JIS MARK certified by JQA.
Implementation of laser welding technology.
- 2012 Rebranded as “YC INOX” from “Yeun Chyang”.
- 2014 CE MARK Construction Products Regulation (CPR) certified by TUV.
- 2015 ISO3834-2 certified by TUV.
Bonded Factory in Douliou Mill I was established.
- 2016 Capital increased to NT\$4.071 billion.
NSF-61 certificated by NSF.
- 2017 YC INOX new trademark registered.
- 2019 YC INOX TR Celik Sanayi ve Ticaret A.S. established.
Douliou Mill II welded pipe center launched.
ISO 45001 certified by TUV.
- 2020 Capital increased to NT\$4.371 billion.
- 2021 ISO 50001 certified by TUV.
Capital increased to NT\$4.446 billion.
- 2022 ISO 14064-1 verified by TUV.
Solar photovoltaic generation system launched, with a total capacity of 5,512 KWP.
YC INOX TR Celik Sanayi ve Ticaret A.S. service center and tube production division in production.
Capital increased to NT\$4.454 billion.
- 2023 American 3-A Sanitary Standards certified by 3-A Sanitary Standards, Inc.
WATERMARK certificate certified by Australian Building Codes Board.
UKCA (UK Conformity Assessed) Construction Products Regulation (CPR) certified by TUV.
Capital increased to NT\$4.476 billion.
- 2024 Capital increased to NT\$4.700 billion.

III. Corporate Governance Report

3.1 Corporate Organization

3.1.1 Organization Chart



3.1.2 Function of Each Division

➤ General Manager Office	Master the Company's operational strategy, business objectives, internal control systems and other matters.
➤ Internal Audit Office	Responsible for internal control system auditing.
➤ Information Technology Office	Programming, maintaining and monitoring of information management system, and Information security matters.
➤ Safety & Health Office	Responsible for managing the Company's environmental and occupational safety and health matters.
➤ Finance Department	Responsible for financial planning, accounting, tax, share affairs, investment management and other related matters.
➤ Administration Department	Responsible for human resources, procurement, general affairs, assets management and other related matters.
➤ Domestic Sales Department	Responsible for domestic marketing, sales management and other related matters.
➤ International Sales Department	Responsible for international marketing, sales management and other related matters.
➤ Production Department	Responsible for manufacturing and general affairs management of each mill.
➤ Production Planning Department	Responsible for production planning and scheduling, coordinating between production and sales, inventory management and other related matters.
➤ Engineering Department	Responsible for equipment maintenance, automation development and other related matters.
➤ Quality Assurance Department	Responsible for management and certificate application of quality assurance system, quality control, customer service and other related matters.

3.2 Profile of Directors, CEO, Deputy General Managers, Senior Managers and Heads of Departments

3.2.1 Directors:

A. Profile of Directors (I)

As of April 19, 2024

Title	Nationality	Name	Gender / Age	Date of Elected (Note 1)	Term (Years)	Date of First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor(s) Shareholding		Shareholding by Nominee Arrangement		Education Level and Major Experiences	Current Other Positions in YC INOX and Other Companies	Other Officer, Director or Supervisor who are Spouse or Relatives within Second Degree			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C	Chang, Chin-Yu	M 51-60	2021.08.23	3	1995.10.21	6,029,632	1.38	20,761,774	4.42	—	—	—	—	Department of Mechanical Engineering, Hwa Hsia University of Technology; CEO, YC INOX Co., Ltd.	CEO, YC INOX Co., Ltd. Chairman, Tai Chyang Investment Co., Ltd. Chairman(Representative), Ji-Mao Investment Co., Ltd. Chairman(Representative), YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	Director	Chang, Chin-Peng	Brother	Note 1
																Director	Chang, Po-Kai	Son		
Director	R.O.C	Tai Chyang Investment Co., Ltd. Representative: Chang, Chin-Peng	— M 51-60	2021.08.23 2021.08.23	3	1996.12.31 1995.10.21	59,909,508 30,000	13.71 0.01	61,209,508 26,030,000	13.02 5.54	—	—	—	—	Kuang-Hwa Vocational Senior High School of Technology; Deputy General Manager, Domestic Sales Department- Southern Region, YC INOX Co., Ltd	Deputy General Manager, Domestic Sales Department- Southern Region, YC INOX Co., Ltd	Chairman	Chang, Chin-Yu	Brother	—
Director	R.O.C	Chin Ying Fa Mechanical Ind Co., Ltd. Representative: Shih, Ya-Hui	— F 51-60	2021.08.23 2023.12.21	3	2000.04.12 2023.12.21	6,898,000 2,561,127	1.58 0.56	6,898,000 2,611,127	1.47 0.56	—	—	—	—	Business Administration, Faculty of Business Administration, Kindai University in Japan.	Director, Chin Ying Fa Mechanical Ind. Co., Ltd. Head of Chan Ying Investment Co., Ltd. Director, Acelon Chemicals & Fiber Corporation. Executive Manager, Pou Chen Corporation	—	—	—	Note 2
Director	R.O.C	Hsieh, Ming-Hong	M 61-70	2021.08.23	3	2021.08.23	2,452,072	0.56	2,452,072	0.52	—	—	—	—	M.D., PhD. Institute of Medicine, Chung Shan Medical University Chung Shan Medical University Hospital Chief, Department of Psychiatry.	Chung Shan Medical University Hospital Attending Physician in the Department of Psychiatry Assistant Professor, School of Medicine at Chung Shan Medical University	—	—	—	—
Director	R.O.C	Chang, Po-Kai	M 31-40	2021.08.23	3	2021.08.23	2,370,264	0.54	6,834,549	1.45	—	—	—	—	Bachelor of Business Administration University of Portland Manager, General Manager office, YC INOX Co., Ltd.	Manager of General Manager office, YC INOX Co., Ltd. Director(Representative), Ji-Mao Investment Co., Ltd. Supervisor, Tai Chyang Investment Co., Ltd.	Chairman	Chang, Chin-Yu	Father	—
Independent Director	R.O.C	Pan, Cheng-Hsiung	M 61-70	2021.08.23	3	2015.06.17	271,458	0.06	271,458	0.06	70,551	0.02	—	—	Master of Law, National Chengchi University Judge of Taipei District Court	Lawyer of Citadel Law Office; Independent Director, INTAI Technology Corp.	—	—	—	—
Independent Director	R.O.C	Chen, Tai-Shan	M 61-70	2021.08.23	3	2015.06.17	135,513	0.03	135,513	0.03	—	—	—	—	Master of Accounting, Guangzhou Jinan University; CPA Qualified Deputy General Manager, Taiwan Life Insurance Co., Ltd.	Independent Director, POJU International	—	—	—	—
Independent Director	R.O.C	Kuo, Chao-Sung	M 51-60	2021.08.23	3	2015.06.17	417,884	0.10	417,884	0.09	76,612	0.02	—	—	Bachelor of Cooperative Economics, National Chung Hsing University; Director, Jin Ding Securities	—	—	—	—	
Independent Director	R.O.C	Chang, Wei-Lun	F 41-50	2021.08.23	3	2021.08.23	5,276	—	20,000	—	50,000	0.01	—	—	Bachelor of Accounting, National Taiwan University	CPA of CKH & W CPA Office	—	—	—	—

Note 1: The Chairman of the Company concurrently serves as the CEO for the purpose of improving operating efficiency and decision-making execution. However, in order to strengthen the independence of the board of directors, the Company is actively training promising person to succeed in the future. In addition, the Chairman of the Board of Directors closely communicates with the directors on current operating conditions and planning guidelines of the Company to implement corporate governance. In addition, the Company increase a seat of independent director while the Board of Directors re-election in 2021 to enhance the functions of the Board of Directors and strengthen the supervision. At present, we have implemented following specific measures:

1. The current four independent directors are respectively proficient in finance, accounting, investment and jurisprudence, and could effectively perform their supervisory functions.
2. All directors are scheduled to participate in professional director courses held by external institutions each year, to enhance the operational effectiveness of the board of directors.
3. In the functional committees, independent directors are be able to fully discuss/put forward suggestions to the Board of Directors as a way to implement corporate governance.
4. More than half of the directors of the Board of Directors do not concurrently serve as employees or managers.

Note 2: The representative of Chin Ying Fa Mechanical Ind Co., Ltd. was originally Mr. Shih, Yung-Che. On Dec 21, 2023, the company reappointed Ms. Shih, Ya-Hui as the new representative.

B. List of Major Shareholders of Juristic Shareholder(s)

As of April 19, 2024

Name of Juristic Shareholder	Major Shareholders of Juristic Shareholders	
	Name of shareholders	Shareholding Percentage(%)
Tai Chyang Investment Co., Ltd. (Note 1)	Chang, Chin-Yu	53.03
	Chang, Po-Kai	33.13
	Chang, Ya-Shan	13.84
Chin Ying Fa Mechanical Ind Co., Ltd.	Chan Ying Investment Co., Ltd.	41.00
	Shih, Yu-Lung	19.00
	Shih, Yung-Che	19.00
	Shih, Sung-Lin	8.00

Note 1: The major shareholders of the juristic shareholders are all individuals.

Major Shareholders of B. the Company's major Juristic Shareholders

As of April 19, 2024

Name of Juristic Shareholder	Major Shareholders of Juristic Shareholders	
	Name of shareholders	Shareholding Percentage(%)
Chan Ying Investment Co., Ltd. (Note 2)	Shih, Yung-Che	25.00
	Shih, Yu-Lung	25.00
	Shih, Ya-Hui	14.20
	Shih, Ming-Hui	14.20
	Shih, Chen-Hsuan	12.33
	Shih, Sung-Lin	9.27

Note 2: The major shareholders of the juristic shareholders are all individuals.

C. Profile of Directors (II)

1. Directors' qualification and independent directors' independence status disclosure:

Name	Professional qualification and experiences	Independence status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chang, Chin-Yu	Current Chairman and General Manager of the Company, has extensive work experience in the fields of business, finance, and corporate operations. With over 30 years of engagement in the stainless steel industry, he possesses the capabilities of operational management, marketing, and strategic leadership, which are essential for leading the Company towards sustainable growth and achieving long-term business objectives.	—	—
Chang, Chin-Peng	Current Vice General Manager of the Company, serves as the Deputy General Manager of the Sales Department - Southern Region. He brings over 30 years of work experience in business and corporate operations, specializing in market strategy and possessing extensive experience in business promotion.	—	—
Shih, Ya-Hui	Graduated from the Faculty of Business Administration at Kindai University in Japan, currently serving as an executive manager of Pou Chen Corporation. Additionally, she is a Director of Chin Ying Fa Mechanical Ind. Co., Ltd., the Head of Chan Ying Investment Co., Ltd., and a Director of Acelon Chemicals & Fiber Corporation. Ms. Shih has extensive experience in business management, administration, marketing, and innovation.	—	—

Name	Professional qualification and experiences	Independence status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chang, Po-Kai	Bachelor's degree of Business Administration University of Portland. Currently serves as manager in the general manager office of the Company. Proficient in strategic planning, He possesses international outlook and global market competition judgment.	—	—
Hsieh, Ming-Hong	Holds a PhD degree in Institute of Medicine, Chung Shan Medical University (M.D.). Used to be a psychiatrist at Changhua Christian Hospital; In 2000, he went to Duke University as a visiting scholar for one year; Used to be the secretary general of Taiwanese Society of Psychiatry. Currently, He is an assistant professor of the School of Medicine of Chung Shan Medical University and a psychiatrist of Chung Shan Medical University Hospital.	—	—
Pan, Cheng-Hsiung	Has been serving as the chief lawyer of a law firm for more than 20 years. He was a judge of Taipei District Court. He holds a master's degree from the Law Institute of National Chengchi University. He is also an independent director of INTAI Technology Corp.	All the independent directors meet the criteria for independence (Note 2)	1
Chen, Tai-Shan	Graduated from the Accounting Department of Fu Jen Catholic University, and obtained a master's degree in accounting from Guangzhou Jinan University in China. 2 years working experience in an international accounting firm; Served as an application reviewer for listing by the Listing Department of TWSE for 3 years. He has 16 years of working experience as deputy general manager of finance in a listed company, during which he has also served as director and supervisor of technology companies, construction companies, investment trust, venture capital and investment companies. CPA qualified, currently serves as an independent director of POJU International.		—
Kuo, Chao-Sung	Has served as the director of securities companies for decades in the past, and was the director of Polaris and Jin Ding Securities, and is proficient in related securities financial business.		—
Chang, Wei-Lun	Bachelor's degree of Accounting of National Taiwan University. As a CPA in CKH & W CPA Office, she has more than 10 years of practice experience.		—

Note 1: All directors do not have any of the provisions of Article 30 of the Companies Act.

Note 2: Status of Independence is as follows:

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.
- (4) Not a spouse, relative within the second degree of kinship or lineal relative within the third degree of kinship, of any of the managers stated in preceding paragraphs,
- (5) Not a director, supervisor or employee of the companies with which the Company has a specific relationship.
- (6) There was no remuneration for business, legal, financial or accounting services provided by the Bank or its affiliates in the most recent two years.

2. Diversity and Independence of the Board of Directors

(1) Diversity of the Board of Directors

Article 20 of Corporate Governance Best Practice Principles of the Company stipulates that the

composition of the Board of Directors shall consider diversity. Except that Directors who also serve as managers of the Company shall not exceed one-third of the number of Directors, the Company shall also consider its own needs such as operations, business models and development to nominate candidates. In order to formulate an appropriate diversity policy, it shall include, but not be limited to the following two standards:

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

In the re-election of Directors of the Company in 2021, three new Directors have joined the Board of Directors, which made the Company achieving the goal of rejuvenation and more than half of the Directors are not concurrently served as employees or managers of the Company. At present, the Board of Directors of the Company has 9 Directors, including 4 Independent Directors (2 female members). The proportion of Directors who concurrently served as employee is 33%, while the proportion of female directors is 22%, and the proportion of Independent Directors is 44%. The Directors each have professional backgrounds such as CPAs, lawyers and financial executives.

The Company focuses on the goal of sustainable operation, to set the diversification goals for the board members, we aim to lower the average age of directors, limit the tenure of independent directors to a maximum of three terms, and increase the number of seats occupied by directors of different genders. In the future, when selecting Directors and Independent Directors candidates, new candidates will be considered, and appropriate diversification policies should be formulated and implemented according to operation and development needs.

✧ Professional backgrounds and core capabilities possessed by the members of Board of Directors of the Company are as follows:

Name	Gender	Served as an employee of the Company	Age				Terms of Independent Directors Sessions	Core Capabilities						
			31 to 40	41 to 50	51 to 60	61 and above		Leadership and decision-making	Business operational judgment	Operating management	Financial and Accounting analysis	Crisis management	Industry expertise	Viewpoint of international trading
Chang, Chin-Yu	M	✓			✓			✓	✓	✓	✓	✓	✓	✓
Chang, Chin-Peng	M	✓			✓			✓	✓	✓		✓	✓	
Shih, Ya-Hui	F				✓			✓	✓	✓	✓	✓	✓	✓
Hsieh, Ming-Hong	M				✓			✓	✓	✓		✓		
Chang, Po-Kai	M	✓	✓					✓	✓	✓	✓	✓	✓	✓
Chen, Tai-Shan	M					✓	3	✓	✓	✓	✓	✓		
Pan, Cheng-Hsiung	M					✓	3	✓	✓	✓		✓		
Kuo, Chao-Sung	M				✓		3	✓	✓	✓	✓	✓		
Chang, Wei-Lun	F			✓			1	✓	✓	✓	✓	✓	✓	

(2) Independence of the Board of Directors

- The Board of Directors of the Company consists of 9 Directors, including 4 Independent Directors (44%).
- There are 3 members of the Board of Directors have relationships within the second degree of kinship (33%). This proportion does not exceed the majority of seats, which complies with the provisions of Article 26-3, Paragraph 3 of the Securities and Exchange Act.
- There are 3 Directors (33%) concurrently served as employees, which is less than 1/3 of all seats. This has achieved the purpose of supervision.
- Currently the tenure of the 4 Independent Directors has not exceeded three terms.

3.2.2 Profile of CEO, Deputy General Managers, Senior Managers and Heads of Departments

As of April 19, 2024

Title	Nationality	Name	Gender	Date of Effective	Shareholding		Spouse & Minor(s) shareholding		Shareholding by Nominee Arrangement		Education Level and Experiences	Current Position with Other Company	Managers are Spouse or within two Degrees of Consanguinity Each Other			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
CEO	R.O.C.	Chang, Chin-Yu	M	1999.11.01	20,761,774	4.42	—	—	—	—	Department of Mechanical Engineering, Hwa Hsia University of Technology; CEO, YC INOX Co., Ltd.	Chairman, Tai Chyang Investment Co., Ltd. Chairman (Representative), Ji-Mao Investment Co., Ltd. Chairman (Representative), YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	Deputy General Manager of Domestic Sales Department-Southern Region Senior Manager of Domestic Sales Department	Chang, Chin-Peng	Brother	Note 1
Deputy General Manager of Finance Department/ Chief Financial Officer	R.O.C.	Chan, Lieh-Lin	M	2008.03.01	120,000	0.03	—	—	—	—	Bachelor of Accounting, Fu Jen Catholic University; Manager of Administration Department, Ming Yang Traffic Facilities Co., Ltd. Senior Manager of Finance Department, YC INOX Co., Ltd.	Director (Representative), Ji-Mao Investment Co., Ltd. Director, Gongwin Biopharm Holdings Co., Ltd.	—	—	—	—
Senior Manager of Finance Department / Chief Corporate Governance Officer	R.O.C.	Li, Wei-Li	F	2017.10.01	—	—	30,000	0.01	—	—	Department of International Business, Taiwan Provincial Taichung College of Business; Manager of Internal Audit Office, Chief Internal Auditors, Chief Accounting Officer YC INOX Co., Ltd.	—	—	—	—	—
Manager of Accounting Division/ Chief Accounting Officer	R.O.C.	Chang, Jung-Wei	M	2021.05.07	10,000	—	—	—	—	—	Bachelor of Department of Accounting and Information Technology, National Chung Cheng University Assistant Manager of Deloitte Touche Tohmatsu Limited Assistant Manager of Accounting Division, YC INOX Co., Ltd.	Supervisor (Representative), Ji-Mao Investment Co., Ltd.	—	—	—	—
Senior Manager of Domestic Sales Department	R.O.C.	Chang, Shu-Ying	F	2017.10.01	12,030,000	2.56	—	—	—	—	Yuanlin Senior High School; Manager of Domestic Sales Department, YC INOX Co., Ltd.	—	CEO Deputy General Manager of Domestic Sales Department-Southern Region	Chang, Chin-Yu Chang, Chin-Peng	Brother Brother	—
Senior Manager of Domestic Sales Department-Northern Region	R.O.C.	Cheng, Chih-Hsien	M	2017.10.01	40,828	0.01	—	—	—	—	Department of Mechanical Engineering, Kuang Wu Industry Junior College; Manager of Domestic Sales Department Northern Region, YC INOX Co., Ltd.	—	—	—	—	—
Deputy General Manager of Domestic Sales Department-Southern Region	R.O.C.	Chang, Chin-Peng	M	2021.08.01	26,030,000	5.54	—	—	—	—	Kuang-Hwa Vocational Senior High School of Technology; Senior Manager of Domestic Sales Department Southern Region, YC INOX Co., Ltd.	—	CEO Senior Manager of Domestic Sales Department	Chang, Chin-Yu Chang, Shu-Ying	Brother Sister	—
Senior Manager of International Sales Department Pipe & Tube	R.O.C.	Yen, Ching-Fang	F	2023.01.03	—	—	108,000	0.02	—	—	Bachelor of Economics Department, University of Toronto; Manager of International Sales Department Pipe & Tube, YC INOX Co., Ltd.	—	—	—	—	—
Senior Manager of Administration Department	R.O.C.	Chen, Ping-Hsun	M	2019.10.01	—	—	80,552	0.02	—	—	Bachelor of Polymer Engineering Department, National Taiwan University of Science and Technology; Assistant Manager of Quality Assurance Department, Deputy Plant Manager of Shijou Mill and Manager of Administration Department, YC INOX Co., Ltd.	—	—	—	—	—
Senior Manager of Production Department	R.O.C.	Wang, Chuan-Ming	M	2021.01.01	20,000	—	62,289	0.01	—	—	Bachelor of Chemical Engineering Department, Chung Yuan Christian University; Plant Manager of Mailiao Branch, FCFC Plant Manager of Shijou Mill and Manager of Production Department, YC INOX Co., Ltd.	—	—	—	—	—
Plant Manager of Douliou Mill I (Senior Manager)	R.O.C.	Chang, Han-Chou	M	2020.09.01	7,321	—	—	—	—	—	Master of Industrial Engineering and Management Department, National Yunlin University of Science and Technology Head of Quality Assurance, Chun Yuan Steel Industry Co., Ltd. Manager of Quality Assurance Department.	—	—	—	—	—
Senior Manager of Production Planning Department	R.O.C.	Hsu, Chin-Chang	M	2020.06.01	80,763	0.02	63,315	0.01	—	—	Bachelor of Mechanical Engineering Department, National Taiwan University of Science and Technology; Section Supervisor, Chunghwa Picture Tubes, LTD.; Manager of Production Planning Department	—	—	—	—	—

Title	Nationality	Name	Gender	Date of Effective	Shareholding		Spouse & Minor(s) shareholding		Shareholding by Nominee Arrangement		Education Level and Experiences	Current Position with Other Company	Managers are Spouse or within two Degrees of Consanguinity Each Other			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Senior Manager of Engineering Department	R.O.C.	Tsai, Tzu-Hsing	M	2021.01.01	10,000	—	—	—	—	—	Department of Industrial Management, Southern Taiwan University of Technology Deputy General Manager of Production Department, YC INOX Co., Ltd.	—	—	—	—	—
Assistant Manager of Quality Assurance Department	R.O.C.	Chiu, Chuang-Lin	M	2022.08.01	—	—	5,000	—	—	—	Master of Institute of Industrial Engineering and Management, National Formosa University; Deputy Section Manger of Quality Assurance Department, YC INOX Co., Ltd.	—	—	—	—	—
Assistant Manager of Internal Audit Office/Chief Internal Auditor	R.O.C.	Chiang, Hsing-Wei	M	2022.07.01	—	—	—	—	—	—	Master of Department of Accountancy, National Cheng Kung University Assistant Manager of Deloitte Touche Tohmatsu Ltd. Assistant Manager of Taishin Securities Co., Ltd. Assistant Manager of General Manager Office, YC INOX Co., Ltd.	—	—	—	—	—
Senior Manager of Information Technology Office	R.O.C.	Shen, Chun-Chi	M	2021.08.01	20,818	—	824	—	—	—	Master of Department of Information Management, National Taiwan University of Science and Technology; Manager of Information Technology Office, YC INOX Co., Ltd.	—	—	—	—	—

Note 1: The Chairman of the Company concurrently serves as the CEO for the purpose of improving operating efficiency and decision-making execution. However, in order to strengthen the independence of the board of directors, the Company is actively training promising person to succeed in the future. In addition, the Chairman of the Board of Directors closely communicates with the directors on current operating conditions and planning guidelines of the Company to implement corporate governance. In addition, the Company has increased one seat of Independent Director in the Board of Directors re-election in 2021 to enhance the functions of the Board of Directors and strengthen the supervisory function. At present, we have implemented following specific measures:

1. The current four Independent Directors are respectively proficient in finance, accounting, investment and jurisprudence, and could effectively perform their supervisory functions.
2. All directors are scheduled to participate in professional director courses held by external institutions each year to enhance the operational effectiveness of the board of directors.
3. In the functional committees, independent directors are able to fully discuss/put forward suggestions to the board of directors as ways to implement corporate governance.

3.3 Compensation of Directors, CEO and Deputy General Manager in the Most Recent Year

3.3.1 Compensation of Directors (including Independent Directors)

Unit: NT\$ thousands																							
Title	Name	Compensation paid to Directors								Sum of A, B, C, and D as a % of Net Income		Compensation Paid to Directors who are also Employees								Sum of A, B, C, D, E, F and G as a % of Net Income		Compensation Paid to Directors by Non-consolidated Affiliates or Parent Company	
		Basic Compensation(A)		Severance Pay and Pension (B)		Remuneration (C)		Allowances (D)				Salary, Bonus, and Allowance (E)		Severance Pay and Pension (F)		Employees' profit sharing(G)							
		YC INOX	Consolidated Entities	YC INOX	Consolidated Entities	YC INOX	Consolidated Entities	YC INOX	Consolidated Entities			YC INOX	Consolidated Entities	YC INOX	Consolidated Entities	YC INOX	Consolidated Entities	Cash	Share	Cash	Share		YC INOX
Director	Chang, Chin-Yu	—	—	—	—	—	—	70	70	70/(0.04%)	70/(0.04%)	9,740	9,740	—	—	—	—	—	—	9,810/(5.78%)	9,810/(5.78%)	—	
	Tai Chyang Investment Co., Ltd.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Chang, Chin-Peng	—	—	—	—	—	—	70	70	70/(0.04%)	70/(0.04%)	2,440	2,440	108	108	-	-	-	-	2,618/(1.54%)	2,618/(1.54%)	—	
	Chin Ying Fa Mechanical Ind Co., Ltd.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Shih, Yung-Che (Note)	—	—	—	—	—	—	60	60	60/(0.04%)	60/(0.04%)	—	—	—	—	—	—	—	—	60/(0.04%)	60/(0.04%)	—	
	Shih, Ya-Hui (Note)	—	—	—	—	—	—	10	10	10/(0.01%)	10/(0.01%)	—	—	—	—	—	—	—	—	10/(0.01%)	10/(0.01%)	—	
	Hsieh, Ming-Hong	—	—	—	—	—	—	70	70	70/(0.04%)	70/(0.04%)	—	—	—	—	—	—	—	—	70/(0.04%)	70/(0.04%)	—	
	Chang, Po-Kai	—	—	—	—	—	—	70	70	70/(0.04%)	70/(0.04%)	1,507	1,507	66	66	—	—	—	—	1,643/(0.97%)	1,643/(0.97%)	—	
Independent Director	Chen, Tai-Shan	360	360	—	—	—	—	140	140	500/(0.29%)	500/(0.29%)	—	—	—	—	—	—	—	—	500/(0.29%)	500/(0.29%)	—	
	Pan, Cheng-Hsiung	360	360	—	—	—	—	140	140	500/(0.29%)	500/(0.29%)	—	—	—	—	—	—	—	—	500/(0.29%)	500/(0.29%)	—	
	Kuo, Chao-Sung	360	360	—	—	—	—	140	140	500/(0.29%)	500/(0.29%)	—	—	—	—	—	—	—	—	500/(0.29%)	500/(0.29%)	—	
	Chang, Wei-Lun	360	360	—	—	—	—	140	140	500/(0.29%)	500/(0.29%)	—	—	—	—	—	—	—	—	500/(0.29%)	500/(0.29%)	—	
A. Please state the payment policy, standard and structure of the independent directors' compensation, and explain the relevance between the compensation and responsibility, risk, time spent, and other factors borne/devoted by directors: The payment of Directors' compensation shall follow the provisions in the Articles of Incorporation, in case the Company results profit for the year, up to 2% of profit may be reserved as compensation for directors. Such compensation can only be paid upon the Compensation Committee and Board of Directors' approval, and shall be reported to the Shareholders' Meeting. The principles of Directors' compensation and the payment of salary and traveling expenditures to directors shall follow the Regulations for the Compensation of Directors and their Concurrently-Serving Functional Committees and refer to the arms' length range of the same industry. The Company has stipulated the Regulations for Performance evaluation of the Board of Directors, and has to accordingly evaluate the Directors' performance based on various evaluation indicators each year. The result of the board of directors' performance evaluation of the year was good, such result has reported to the board of directors. The performance evaluation and reasonableness of compensation for directors were reviewed and approved by the Compensation Committee and the Board of Directors. The compensation system shall be reviewed from time to time in compliance with actual operating conditions and relevant laws and regulations, to pursue the balance between the Company's sustainable operation and risk control. B. Except as disclosed in the table above, any compensation paid to the directors in the most recent year for their services provided to the consolidated entities (e.g served as a non-employee consultant, etc.): none.																							

Note: The representative of Chin Ying Fa Mechanical Ind Co., Ltd. was originally Mr. Shih, Yung-Che. On Dec 21, 2023, the company reappointed Ms. Shih, Ya-Hui as the new representative.

Compensation Interval Table

Intervals of compensation paid to Directors of the Company	Name of Directors			
	A+B+C+D		A+B+C+D+E+F+G	
	YC INOX	Consolidated Entities	YC INOX	Consolidated Entities
Under NT\$ 1,000,000	Tai Chyang Investment Co., Ltd.; Chin Ying Fa Mechanical Ind Co., Ltd.; Chang, Chin-Yu; Chang, Chin-Peng; Shih, Yung-Che (Note); Shih, Ya-Hui (Note); Hsieh, Ming-Hong; Chang, Po-Kai; Chen, Tai-Shan; Pan, Cheng-Hsiung; Kuo, Chao-Sung; Chang, Wei-Lun	Tai Chyang Investment Co., Ltd.; Chin Ying Fa Mechanical Ind Co., Ltd.; Chang, Chin-Yu; Chang, Chin-Peng; Shih, Yung-Che (Note); Shih, Ya-Hui (Note); Hsieh, Ming-Hong; Chang, Po-Kai; Chen, Tai-Shan; Pan, Cheng-Hsiung; Kuo, Chao-Sung; Chang, Wei-Lun	Tai Chyang Investment Co., Ltd.; Chin Ying Fa Mechanical Ind Co., Ltd.; Shih, Yung-Che (Note); Shih, Ya-Hui (Note); Hsieh, Ming-Hong; Chen, Tai-Shan; Pan, Cheng-Hsiung; Kuo, Chao-Sung; Chang, Wei-Lun	Tai Chyang Investment Co., Ltd.; Chin Ying Fa Mechanical Ind Co., Ltd.; Shih, Yung-Che (Note); Shih, Ya-Hui (Note); Hsieh, Ming-Hong; Chen, Tai-Shan; Pan, Cheng-Hsiung; Kuo, Chao-Sung; Chang, Wei-Lun
NT\$ 1,000,000 (incl.) - NT\$ 2,000,000 (not incl.)			CHANG, PO-KAI	CHANG, PO-KAI
NT\$ 2,000,000 (incl.) - NT\$ 3,500,000 (not incl.)			CHANG, CHIN-PENG	CHANG, CHIN-PENG
NT\$ 3,500,000 (incl.) - NT\$ 5,000,000 (not incl.)	—		—	—
NT\$ 5,000,000 (incl.) - NT\$ 10,000,000 (not incl.)	—	—	CHANG, CHIN-YU	CHANG, CHIN-YU
NT\$ 10,000,000 (incl.) - NT\$ 15,000,000 (not incl.)	—	—	—	—
NT\$ 15,000,000 (incl.) - NT\$ 30,000,000 (not incl.)	—	—	—	—
NT\$ 30,000,000 (incl.) - NT\$ 50,000,000 (not incl.)	—	—	—	—
NT\$ 50,000,000 (incl.) - NT\$ 100,000,000 (not incl.)	—	—	—	—
NT\$ 100,000,000 and above	—	—	—	—
Total	12	12	12	12

Note: The representative of Chin Ying Fa Mechanical Ind Co., Ltd. was originally Mr. Shih, Yung-Che. On Dec 21, 2023, the company reappointed Ms. Shih, Ya-Hui as the new representative.

3.3.2 Compensation of CEO and Deputy General Managers

Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Allowance (C)		Employees' profit sharing (D)				Sum of A, B, C, and D as % of Net Income		Compensation paid by Non-consolidated Affiliates or Parent Company
		YC INOX	Consolidated Entities	YC INOX	Consolidated Entities	YC INOX	Consolidated Entities	YC INOX		Consolidated entities				
								Cash	Share	Cash	Share	YC INOX	Consolidated Entities	
CEO	Chang, Chin-Yu	6,002	6,002	—	—	3,738	3,738	—	—	—	—	9,740/ (5.74%)	9,740/ (5.74%)	—
Deputy General Manager	Chan, Lieh-Lin	2,054	2,054	108	108	1,451	1,451	—	—	—	—	3,614/ (2.13%)	3,614/ (2.13%)	48
Deputy General Manager	Chang, Chin-Peng	1,802	1,802	108	108	638	638	—	—	—	—	2,548/ (1.50%)	2,548/ (1.50%)	—
Deputy General Manager	Chiu, Sheng-Yu *	1,015	2,344	62	62	—	—	—	—	—	—	1,077/ (0.63%)	2,406/ (1.41%)	—

* Mr. Chiu, Sheng-Yu has retired on July 31, 2023.

Compensation Interval Table

Compensation Level	Name of the CEO and Deputy General Managers	
	YC INOX	Consolidated Entities
Under NT\$ 1,000,000	—	—
NT\$ 1,000,000 (incl.) - NT\$ 2,000,000 (not incl.)	Chiu, Sheng-Yu *	—
NT\$ 2,000,000 (incl.) - NT\$ 3,500,000 (not incl.)	Chang, Chin-Peng	Chang, Chin-Peng; Chiu, Sheng-Yu *
NT\$ 3,500,000 (incl.) - NT\$ 5,000,000 (not incl.)	Chan, Lieh-Lin	Chan, Lieh-Lin;
NT\$ 5,000,000 (incl.) - NT\$ 10,000,000 (not incl.)	Chang, Chin-Yu	Chang, Chin-Yu
NT\$ 10,000,000 (incl.) - NT\$ 15,000,000 (not incl.)	—	—
NT\$ 15,000,000 (incl.) - NT\$ 30,000,000 (not incl.)	—	—
NT\$ 30,000,000 (incl.) - NT\$ 50,000,000 (not incl.)	—	—
NT\$ 50,000,000 (incl.) - NT\$ 100,000,000 (not incl.)	—	—
NT\$ 100,000,000 and above	—	—
Total	4	4

* Mr. Chiu, Sheng-Yu has retired on July 31, 2023.

3.3.3 Status of Employees' Profit Sharing Distributed to Managerial Personnel

For the Year Ended December 31, 2023

Unit: NT\$ thousands

Title	Name	Stock	Cash	Total	Sum as a % of Net Income
Chairman / CEO	Chang, Chin-Yu	—	—	—	—
Deputy General Manager of Finance Department / Chief Finance Officer	Chan, Lieh-Lin				
Director / Deputy General Manager of Domestic Sales Department-Southern Region	Chang, Chin-Peng				
Senior Manager of Domestic Sales Department	Chang, Shu-Ying				
Senior Manager of Domestic Sales Department- Northern Region	Cheng, Chih-Hsien				
Senior Manager of Production Department	Wang, Chuan-Ming				
Senior Manager of Engineering Department	Tsai, Tzu-Hsing				
Senior Manager of Production Planning Department	Hsu, Chin-Chang				
Plant Manager of Douliou Mill I (Senior Manager)	Chang, Han-Chou				
Senior Manager of Administration Department	Chen, Ping-Hsun				
Senior Manager of Finance Department / Chief Corporate Governance Officer	Li, Wei-Li				
Manager of Accounting Division / Chief Accounting Officer	Chang, Jung-Wei				
Assistant Manager of Internal Audit Office / Chief Internal Auditor	Chiang, Hsing-Wei				
Senior Manager of Information Technology Office	Shen, Chun-Chi				

3.3.4 Compensation of the Five Highest-Paid Managerial Officers

For the Year Ended December 31, 2023

Unit: NT\$ thousands

For the Year Ended December 31, 2023														Unit: NT\$ thousands
Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Allowance (C)		Employees' profit sharing (D)				Sum of A, B, C, and D as % of Net Income		Compensation paid by Non-consolidated Affiliates or Parent Company
		YC INOX	Consolidated Entities	YC INOX	Consolidated Entities	YC INOX	Consolidated Entities	YC INOX		Consolidated entities				
								Cash	Share	Cash	Share	YC INOX	Consolidated Entities	
CEO	Chang, Chin-Yu	6,002	6,002	—	—	3,738	3,738	—	—	—	—	9,740/ (5.74%)	9,740/ (5.74%)	—
Deputy General Manager	Chan, Lieh-Lin	2,054	2,054	108	108	1,451	1,451	—	—	—	—	3,614/ (2.13%)	3,614/ (2.13%)	48
Deputy General Manager	Chang, Chin-Peng	1,802	1,802	108	108	638	638	—	—	—	—	2,548/ (1.50%)	2,548/ (1.50%)	—
Deputy General Manager	Chiu, Sheng-Yu *	1,015	2,344	62	62	—	—	—	—	—	—	1,077/ (0.63%)	2,406/ (1.41%)	—
Senior Manager of Production Planning Department	Hsu, Chin-Chang	1,381	1,381	83	83	589	589	—	—	—	—	2,053/ (1.21%)	2,053/ (1.21%)	—

* Mr. Chiu, Sheng-Yu has retired on July 31, 2023.

3.3.5 Analyze and explain the proportion of total compensation paid to directors, CEO, and deputy general managers of the Company and the consolidated entities in net income in the past two years, and explain the policy, standard and portfolio of compensation payment, procedures of determine compensation, and its relevance to business performance and future risks.

A. The ratio of the total compensation paid to directors, CEO and deputy general managers of the Company to net income in the parent company only/consolidated financial statements in the most recent two years.

Unit: NT\$ thousands

Items	2023		2022	
	The Company	Consolidated Entities	The Company	Consolidated Entities
Net Income	(169,815)		518,282	
Total Compensation Paid to Directors as % of Net Income	(1.38)		3.01	
Total Compensation paid to CEO and Deputy General Managers as % of Net Income	(10.00)	(10.78)	6.01	6.44

B. Policy, standard and portfolio of compensation payments, procedures for determining compensation, and its relevance to business performance and risks.

Article 30 of the Company's Articles of Incorporation:

In case the Company made a profit in a fiscal year, it shall reserve 2% to 6% of profits for employees' profit sharing, and the Board of Directors shall determine said profits shall be distributed by way of share or cash, which can also be distributed to employees of affiliations who meet certain conditions; Board of Directors may also adopt a resolution to reserve up to 2% of said profits for Directors' compensation. The resolution of distribution of employees' profit sharing and directors' compensation shall be reported to the Shareholders' Meeting. In case the Company still has accumulated losses, a certain amount of the earnings corresponding to accumulated losses shall be retained, then the employees' profit sharing and directors' compensation can be reserved by the percentage specified in the preceding paragraph.

1. The compensation paid to Directors of the Company:

Payment of Directors' compensation shall follow the provisions in the Articles of Incorporation, in case the Company made a profit in a fiscal year, up to 2% of said of profit may be reserved for compensation for directors. Such compensation can only be paid upon the Compensation Committee and Board of Directors' approval, and shall be reported to the Shareholders' Meeting. The principles of Directors' compensation and the payment of salary and traveling expenditures to directors shall follow the Regulations for the Compensation of Directors and their Concurrently-Serving Functional Committees and refer to the arms' length range in the same industry.

The Company has stipulated the Regulations for Performance evaluation of the Board of Directors, and has to accordingly evaluate the Directors' performance based on various evaluation indicators each year. The result of the board of directors' self- evaluation of the year was rated as excellent, such result has reported to the board of directors.

2. The compensation paid to CEO and deputy general managers of the Company:

The policy for the compensation of the General Manager and deputy general managers is based on the Company's "Policies and Regulations of Salary and Compensation", the salary levels for similar positions in the industry, the scope of responsibilities within the Company, and their contributions to the Company's operational objectives. The performance evaluation of our

Company's executives follows not only the overall operational performance of the company but also considers future industry risks and development trends. It also takes into account individual performance achievements and contributions to the Company's performance, providing reasonable compensation. The payment of these compensations complies with the Company's "Policies and Regulations of Salary and Compensation" and related salary management regulations, adequately recognizing their responsibilities and risks.

3. The assessment of operational performance and the reasonableness of remuneration for directors and managerial officers are reviewed by the Compensation Committee and the Board of Directors. It takes into account the typical industry standards for compensation, as well as the correlation between individual performance, company operational performance, and future risks. The compensation system is subject to periodic review based on the actual business conditions and relevant legal requirements to achieve a balance between sustainable business operations and risk management for the Company.

3.4 Implementation of Corporate Governance

3.4.1 Operation of the Board of Directors

In 2023, there were a total of 7 Board Meetings(A). The attendance of directors was shown as follows:

In 2023, there were a total of 7 Board Meetings (7). The attendance of directors was shown as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of Attendance in Person (B/A)
		Remarks		
Chairman	Chang, Chin-Yu	7	0	100%
Director	Tai Chyang Investment Co., Ltd. Representative: Chang, Chin-Peng	7	0	100%
Director	Chin Ying Fa Mechanical Ind Co., Ltd. Representative: Shih, Yung-Che	6	0	100%
		The representative of Chin Ying Fa Mechanical Ind Co., Ltd. was originally Mr. Shih, Yung-Che. On Dec 21, 2023, the company reappointed Ms. Shih, Ya-Hui as the new representative.		
Director	Chin Ying Fa Mechanical Ind Co., Ltd. Representative: Shih, Ya-Hui	1	0	100%
		The representative of Chin Ying Fa Mechanical Ind Co., Ltd. was originally Mr. Shih, Yung-Che. On Dec 21, 2023, the company reappointed Ms. Shih, Ya-Hui as the new representative.		
Director	Hsieh, Ming-Hong	7	0	100%
Director	Chang, Po-Kai	7	0	100%
Independent Director	Pan, Cheng-Hsiung	7	0	100%
Independent Director	Chen, Tai-Shan	7	0	100%
Independent Director	Kuo, Chao-Sung	7	0	100%
Independent Director	Chang, Wei-Lun	7	0	100%
Other matters to be recorded:				
1. In the event of either of the following situations, dates, sessions, contents of resolutions of the Board Meetings, opinions from all independent directors, and Company responses to their opinions should be noted:				

- (1) Issues specified in Article 14-3 of the Securities and Exchange Act: Please refer to the Annual Report for related information of the operation status of the Audit Committee. All proposals were unanimously agreed and passed by all independent directors.
- (2) In addition to the preceding matter, other resolutions of the Board Meetings on which independent directors have dissenting opinions or qualified opinions, and that are documented or issued through written statements: None.
2. Recusal of Directors due to conflict of interests (the name of the Directors, the content of the proposals, reasons for recusal, and participation in voting shall be stated): None.

3. The execution status of the self-evaluation (or peer evaluation) of the Board of Directors:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Approach	Evaluation Content
Annually. The performance evaluation shall be completed before the end of the first quarter of the following year	From January 1, 2023 to December 31, 2023	The Board of Directors	Self-evaluation of the board performance	A. Involvement in the operation of the Company; B. Improvement of the quality of the Board of Directors' decision making; C. Composition and structure of the Board of Directors; D. Election and continuing education of the directors; and E. Internal control.
		The members of Board of Directors	Self-evaluation of the performance of board members	A. Familiarity with the goals and tasks of the Company; B. Awareness of the duties of a director; C. Involvement in the operation of the Company; D. Management of internal relationships and communication; E. The director's professionalism and continuing education; and F. Internal control.
		Auditing Committee	Self-evaluation of the performance of the Auditing Committee	A. Involvement in the operation of the Company; B. Awareness of the duties of the Auditing Committee; C. Improvement of the quality of the Auditing Committee' decision making; D. Composition of the Auditing Committee and election of its members; and E. Internal control.
		Compensation Committee	Self-evaluation of the performance of the Compensation Committee	A. Involvement in the operation of the Company; B. Awareness of the duties of the Compensation Committee; C. Improvement of the quality of the Compensation Committee' decision making; D. Composition of the Compensation Committee and election of its members; and E. Internal control.

According to the Regulations for Performance Evaluation of the Board of Directors, the Finance Department is responsible for the implementation of the 2023 performance evaluation for the Board of Directors. The internal questionnaire is adopted for such evaluation and was completed in Feb. 2023 when all of the self-evaluation questionnaires of the Board, the members of the Board, and the functional committees were collected. All directors are familiar with the goals and tasks of the Company and aware of their duties, be able to give specific suggestions for proposals, and persisting in strengthening professional knowledge and skills. The management team is conscientious and responsible, and the internal controls are effectively implemented.

Evaluation results for self-evaluation of the board, the members of the Board, and the functional committees are all rated as excellent. The result will not only be used as a reference when nominating or electing directors, but also be used for determining their salary and compensation. The results were reported to the 19th meeting of the 17th session of Board of Directors on March 8, 2024.

4. Measures for strengthening the functions of Board of Directors in the current year and the most recent year, and relevant implementation assessment.

- (1) In order to strengthen corporate governance and enhance information transparency, the Company has increased the seats of Independent Directors from 3 seats to 4 seats in the re-election in 2021, and all independent directors form the Audit Committee to improve the effectiveness of the Board of Directors. Please refer to page 21 for the operation status of the Audit Committee.
- (2) All independent directors form the Compensation Committee to assist the Board of Directors in implementing the salary and compensation management function. Please refer to page 31 for the implementation.
- (3) The directors' continuing education: All directors persist in learning to maintain their core values and professional capabilities. (Please refer to page 29).
- (4) Consider the sustainable operation of the Company, the nomination of board members will be more youthful. New members of Directors have joined the Board in the re-election of Directors in 2021.

3.4.2 Operation of Audit Committee

In 2023, there were a total of 5 Audit Committee Meetings(A). The attendance of directors was shown as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of Attendance in Person (B/A)	Remarks
Independent Director	Pan, Cheng-Hsiung	5	—	100%	
Independent Director	Chen, Tai-Shan	5	—	100%	
Independent Director	Kuo, Chao-Sung	5	—	100%	
Independent Director	Chang, Wei-Lun	5	—	100%	

Other matters to be recorded:

1. If any of the following applies to the operation of Audit Committee, the date and session of the Audit Committee, the content of proposals, dissenting opinion of independent directors, resolutions of the Audit Committee, and the Company's actions in response to opinions from the Audit Committee shall be specified:

(1) Issues stated in Article 14-5 of the Securities and Exchange Act, or other resolutions which were not being approved by the Audit Committee but resolved by more than two-thirds of all the Directors:

the Audit Committee but resolved by more than two-thirds of all the Directors:			
Meeting (Session) / Date	Content of Proposal and Subsequent Handling	Matters listed in Article 14-3 of the Securities and Exchange Act	Other resolution which were not being approved by the Audit Committee but resolved by more than two-thirds of all the Directors:
March 10, 2023, the 12 th meeting of the 3 rd session	1. The report of internal control system self-assessment for 2022.	V	—
	2. 2022 financial statements.	V	—
	3. 2022 business report.	V	—
	4. The independence evaluation of the certified public accountants.	V	—
	5. The appointment of CPA who are responsible for the certification of 2023 financial statements and related audit fee.	V	—
	6.2022 earnings distribution.	V	—
	Audit Committee’s resolution result: Unanimously approved by all Audit Committee members The Company's handling of Audit Committee’s resolutions: Unanimously approved by all attending directors		
May 5, 2023, the 13 th meeting of the 3 rd session	1.2023Q1 consolidated financial statements	V	—
	2.New stock issuance for capital increase converted from 3rd domestic unsecured convertible corporate bonds.	V	—
	3.The capital injection to YC INOX TR Celik Sanayi ve Ticaret A.S..	V	—
	4.Lending funds to subsidiary.	V	—
	Audit Committee’s resolution result: Unanimously approved by all Audit Committee members The Company's handling of Audit Committee’s resolutions: Unanimously approved by all attending directors		
Aug 4, 2023, the 14 th meeting of the 3 rd session	1.2023Q2 consolidated financial statements	V	—
	Audit Committee’s resolution result: Unanimously approved by all Audit Committee members The Company's handling of Audit Committee’s resolutions: Unanimously approved by all attending directors		
Nov 10, 2023, the 15 th meeting of the 3 rd session	1.2023Q3 consolidated financial statements	V	—
	2.New stock issuance for capital increase converted from 3rd domestic unsecured convertible corporate bonds.	V	—
	Audit Committee’s resolution result: Unanimously approved by all Audit Committee members The Company's handling of Audit Committee’s resolutions: Unanimously approved by all attending directors		
Dec 29, 2023, the 16 th meeting of the 3 rd session	1. Update of the 2023 budget.	—	—
	2. 2024 business plan.	—	—
	3. 2024 annual budget.	—	—
	4. 2024 Internal audit plan.	V	—
	5. Amendment of the Internal Control Systems.	V	—
	6. Amendment of the Procedures of Internal Audit Implementation.	V	—
	7. Amendment of the Accounting System.	—	—
	Audit Committee’s resolution result: Unanimously approved by all Audit Committee members The Company's handling of Audit Committee’s resolutions: Unanimously approved by all attending directors		
Mar 8, 2024, the 17 th meeting of the 3 rd session	1. The report of internal control system self-assessment for 2023.	V	—
	2. 2023 financial statements.	V	—
	3. 2023 business report.	V	—
	4. The independence evaluation of the certified public accountants.	—	—
	5. The appointment of CPA who are responsible for the certification of 2024 financial statements and related audit fee.	V	—
	6. New stock issuance for capital increase converted from 3rd domestic unsecured convertible corporate bonds.	V	—

	7. 2023 earnings distribution.	V	—
	8. Cash dividends distributed from capital surplus	V	—
	Audit Committee's resolution result: Unanimously approved by all Audit Committee members The Company's handling of Audit Committee's resolutions: Unanimously approved by all attending directors		
May 6, 2024, the 18 th meeting of the 3 rd session	1.2024Q1 consolidated financial statements	V	—
	2. New stock issuance for capital increase converted from 3rd domestic unsecured convertible corporate bonds.	V	—
	3. The capital injection to YC INOX TR Celik Sanayi ve Ticaret A.S..	V	—
	4. Lending funds to subsidiary.	V	—
	Audit Committee's resolution result: Unanimously approved by all Audit Committee members The Company's handling of Audit Committee's resolutions: Unanimously approved by all attending directors		
2. Recusal of Independent Directors due to conflict of interests (the name of the Independent Directors, the content of the proposals, reasons for recusal, and participation in voting shall be stated): None.			
3. Communications between Independent Directors and Chief Internal Auditor and the CPAs (material matters of communication, the way of communication and its results of said communication regarding the Company's financial and operational status shall be included):			
(1) The Company's chief internal auditor regularly submits internal audit report and internal audit's report of improving suggestions & follow-ups to independent directors for their review, and attends the Audit Committee's quarterly meeting to report internal audit business to independent directors. In case of major abnormal events which must be discussed, a meeting could be convened any time. So far, the communication between the chief internal auditor and the independent directors goes well.			
(2) The independent directors and the CPAs call a meeting at least once a year to communicate and discuss financial reports related matters. In case of material abnormal events which must be discussed, a meeting could be convened any time. So far, the communication between the CPAs and the independent directors goes well.			
The communications between independent directors, chief internal auditor and CPAs are listed below.			
Date	Way of communication	Items discussed with chief internal auditor	Items discussed with CPAs
2023.03.10	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items from December 2022 to February 2023. →All independent directors have acknowledged and had no further opinion. ✧ Reviewing report of internal control system self-assessment for 2022 and draft the Statement of Internal Control System. →It was submitted to the Board of Directors for approval.	—
2023.05.05	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items from February 2023 to April 2023. →All independent directors have acknowledged and had no further opinion.	—
2024.08.04	Private meeting	✧ The Chief Internal Auditor reported on the status of business execution. →All independent directors have acknowledged and had no further opinion.	—
2023.08.04	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items from May 2023 to July 2023. →All independent directors have acknowledged and had no further opinion.	—
2023.11.10	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items from June 2023 to October 2023. →All independent directors have acknowledged and had no further opinion.	—
2023.12.29	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items from October 2023 to December 2023. →All independent directors have acknowledged and had no further opinion.	✧ Report the audit results, key audit matters and material issues of 2023 consolidated and parent company only financial statements. →No disagreement.
2023.12.29	Private meeting	✧ Reviewing 2024 Internal audit plan. →It was submitted to the Board of Directors for approval. ✧ Reviewing the Procedures of Internal Audit Implementation. →It was submitted to the Board of Directors for approval.	✧ Discussion on the audit planning and key audit matters related to the financial statements for 2023. →All independent directors have acknowledged and had no further opinion.

2024.03.08	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items from December 2023 to February 2024. →All independent directors have acknowledged and had no further opinion. ✧ Reviewing report of internal control system self-assessment for 2023 and draft the Statement of Internal Control System. →It was submitted to the Board of Directors for approval.	—
2024.05.06	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items from February 2024 to April 2024. →All independent directors have acknowledged and had no further opinion.	—

Results: The aforementioned items had been reviewed or approved by the Audit Committee, and none of the independent directors has dissenting opinion.

3.4.3 Corporate Governance Implementation Status, Its Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”, and Reasons for such Deviations

Assessment Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
1. Has the Company stipulated and disclosed its Corporate Governance Best-Practice Principles In Accordance with the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	√		The Company has stipulated the Corporate Governance Best-Practice Principles which was adopted by the Board of Directors, and disclosed it on the Company website and the MOPS.	No significant difference.
2. Shareholding Structure & Shareholders’ Rights (1) Has the Company formulated internal operating procedures to handle shareholders’ recommendations, questions, disputes, and litigations, and implemented these measures accordingly?	√		The Company’s spokesperson or share affairs staff handle the share affairs in accordance with internal operating procedures. If legal issues are involved, the legal adviser appointed by the Company will assist in handling related issues.	No significant difference.
(2) Does the Company possess the list of its major shareholders as well as the beneficial owners of those major shareholders?	√		The Company’s share affairs are handled by a professional affairs agency, and there is a dedicated person responsible for the reporting of changes in the shareholding of insiders and major shareholders, and be able to instantly possess the latest list of major shareholders.	No significant difference.
(3) Has the Company established and executed risk management and firewall system between the Company and its affiliated companies?	√		The Company has stipulated the Procedures for related parties transactions management and the Regulations for Subsidiary Management, a complete risk control mechanism and firewall for transactions with related parties has been established.	No significant difference.
(4) Has the Company established internal regulations to prohibit insider trading with undisclosed information?	√		The Company has stipulated the Procedures for prohibition of insider trading regulations, to regulate the Directors, Managerial Officers and employees of the Company, as well as anyone who knows the Company’s internal information based on engagement or controlling relationships, and prohibit any behavior that may involve insider trading. Related education, training and publicity are held from time to time.	No significant difference.
3. Composition and Responsibilities of the Board of Directors (1) Has the Board of Directors drawn up diversity policy for the composition of board members and implement it accordingly?	√		Chapter 3 of the Company's Corporate Governance Best Practice Principles has stipulated appropriate diversity policies to strengthen the functions of the Board of Directors. The Company’s nomination and election of members of the Board of Directors is in accordance with the provisions of the Company's Articles of Incorporation, adopting the candidate nomination system. In addition to assessing the educational qualifications of each director candidate, the Company also adheres to the "Regulations for Election of Directors" and "Corporate Governance Best Practice Principles" to ensure the diversity and independence of directors. 1. Board member diversity: (1) Directors should possess diverse expertise related to the stainless steel industry, management, accounting, and	No significant difference.

Assessment Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			finance. This includes core competencies such as leadership, decision-making, operational judgment, business management, financial analysis, crisis management, industry expertise, and international market knowledge. (2) The Board of Directors must have a majority of directors who do not concurrently serve as employees or managers in order to achieve the objective of supervision. (3) The term of Independent Directors should not exceed three consecutive terms, in order to maintain their independence. (4) At least one female Director. (5) The Board of Directors aims to achieve the goal of sustainable operations by promoting board rejuvenation and incorporating younger members. 2. Implementation of diversity of Board members: In 2021, the Company underwent a Board of Directors' election, resulting in the appointment of three new directors. This achieved the objectives of board rejuvenation and having a majority of directors who do not concurrently serve as company employees or managerial officers. The Board members possess professional backgrounds and extensive practical experience in relevant industries. Among the directors, three are employees, accounting for 33% of the Board, and two female directors accounting for 22%, meanwhile four are independent directors accounting for 44%. They bring expertise in fields such as accounting, law, and financial industry management. For detailed information regarding the professional backgrounds and core competencies of the board members, please refer to page 8. The policy and implementation of the diversity of Board members have been disclosed on the company website and MOPS.	
(2) Other than the Compensation Committee and Audit Committee required by the law, has the Company voluntarily established other functional committees?	√		The Company has established the Compensation Committee and Audit Committee in accordance with the law. Additionally, on May 6, 2024, the Board of Directors approved the establishment of the Sustainability committee as a functional committee.	No significant difference.
(3) Has the Company stipulated rules and methods for evaluating the performance of the Board of Directors, implemented such evaluations every year and reported the results of performance evaluation to the Board of Directors; moreover, taken it as reference in compensation and renomination of individual directors?	√		The Company carries out board performance evaluations in accordance with the Regulations for Performance evaluation of the Board of Directors, with the responsibility assigned to the Finance Department. The evaluation results for the fiscal year 2023 were presented in a report during the 19th Board meeting of 17th session on March 8, 2024. The overall assessment of the board will serve as a reference for the selection or nomination of directors in the future. The implementation details of the board evaluation for the fiscal year 2023 are provided in the annual report under the section concerning the board's operations.	No significant difference.
(4) Does the Company regularly evaluate the independence of CPAs?	√		In order to ensure the independence of the CPAs and the reliability of the financial statements, the Company, in accordance with Article 47 of the Certified Public Accountant Act, the Bulletin of Norm of Professional Ethics for Certified Public Accountant of	No significant difference.

Assessment Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons																					
	Yes	No	Summary																						
			the Republic of China, and the disclosure framework and templates provided by the Financial Supervisory Commission (FSC) regarding audit quality indicators, conducts an annual assessment of the independence and suitability of the CPAs. This assessment is conducted by the Finance Department and covers the following areas: <table><tr><th colspan="2">Assessment category</th><th>Assessment result</th></tr><tr><td rowspan="5">Independence</td><td>Self-Interest</td><td>There is no potential situation where the audit service team and the Company have conflicts of interest that could compromise independence.</td></tr><tr><td>Self-Audit</td><td>There is no potential event that could affect independence between the audit service team and the Company.</td></tr><tr><td>Advocacy</td><td>The audit service team is not engaged to advocate for the Company.</td></tr><tr><td>Familiarity</td><td>There is no potential issue of excessive familiarity between the audit service team and the Company that could impact independence.</td></tr><tr><td>Threats</td><td>There is no possibility of independence being compromised due to threats from the Company.</td></tr><tr><td rowspan="3">Suitability</td><td>Professionalism</td><td>The accounting firm and its audit service team have sufficient auditing experience, and their training meets the auditing needs of the Company.</td></tr><tr><td>Quality Control</td><td>The accounting firm and its audit service team are able to appropriately control and maintain the quality of the audit services provided to the Company, without being overwhelmed by the number of engagements.</td></tr><tr><td>Supervision</td><td>The accounting firm and its audit service team have not been subject to frequent penalties by regulatory authorities. The number of penalties they received is comparable to or lower than industry standards.</td></tr></table>	Assessment category		Assessment result	Independence	Self-Interest	There is no potential situation where the audit service team and the Company have conflicts of interest that could compromise independence.	Self-Audit	There is no potential event that could affect independence between the audit service team and the Company.	Advocacy	The audit service team is not engaged to advocate for the Company.	Familiarity	There is no potential issue of excessive familiarity between the audit service team and the Company that could impact independence.	Threats	There is no possibility of independence being compromised due to threats from the Company.	Suitability	Professionalism	The accounting firm and its audit service team have sufficient auditing experience, and their training meets the auditing needs of the Company.	Quality Control	The accounting firm and its audit service team are able to appropriately control and maintain the quality of the audit services provided to the Company, without being overwhelmed by the number of engagements.	Supervision	The accounting firm and its audit service team have not been subject to frequent penalties by regulatory authorities. The number of penalties they received is comparable to or lower than industry standards.	
Assessment category		Assessment result																							
Independence	Self-Interest	There is no potential situation where the audit service team and the Company have conflicts of interest that could compromise independence.																							
	Self-Audit	There is no potential event that could affect independence between the audit service team and the Company.																							
	Advocacy	The audit service team is not engaged to advocate for the Company.																							
	Familiarity	There is no potential issue of excessive familiarity between the audit service team and the Company that could impact independence.																							
	Threats	There is no possibility of independence being compromised due to threats from the Company.																							
Suitability	Professionalism	The accounting firm and its audit service team have sufficient auditing experience, and their training meets the auditing needs of the Company.																							
	Quality Control	The accounting firm and its audit service team are able to appropriately control and maintain the quality of the audit services provided to the Company, without being overwhelmed by the number of engagements.																							
	Supervision	The accounting firm and its audit service team have not been subject to frequent penalties by regulatory authorities. The number of penalties they received is comparable to or lower than industry standards.																							

Assessment Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			Based on the evaluation conducted by the Finance Department of the Company, it has been determined that CPA Tseng Done-Yuin and CPA Chiang Shu-Chin, along with their respective audit service team members from Deloitte & Touche, have not been found to have violated independence or exhibited severe incompetence. They meet the Company's criteria for assessing the independence and suitability of accountants and are capable of serving as the engaged CPAs for the Company. The Finance Department has submitted the evaluation report for the fiscal year 2023 to the Audit Committee, and it was approved by the Board of Directors on March 8, 2024.	
4. Does the TWSE/TPEx listed company have an adequate number of corporate governance personnel with appropriate qualifications and appoint a company secretary in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters related to Board Meetings and Shareholders' Meetings, and producing minutes of Board Meetings and Shareholders' meetings)?	√		The Company has appointed qualified and adequate number of corporate governance personnel. On May 7, 2021, the 22 nd Board Meeting of the 16 th session, the Board of Directors has approved the appointment of Li, Wei-Li, senior manager of the Finance Department, as the Chief Corporate Governance Officer, to in charge of corporate governance-related matters. Regarding the promotion of corporate governance-related matters and the training of Chief Corporate Governance Officer, related information has been disclosed on the Company website, please refer to the Company website (https://www.ycinox.com/tw/ir/ir-336).	No significant difference.
5. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholders section on corporate website and adequately respond to stakeholders' inquiries on material corporate social responsibility issues?	√		The Company values the rights and opinions of stakeholders. We have set up a dedicated section for stakeholders on the company website, where spokespersons and acting spokespersons serve as communication channels to the public. Additionally, stakeholders can communicate with various departments involved in the business operations, such as sales offices, finance department, and procurement unit. The Company is committed to providing appropriate responses to stakeholders' concerns, including issues related to sustainable development. The Company adopts a materiality principle to systematically identify significant stakeholders, including customers, investors, suppliers, employees, government agencies, community neighbors, and civil organizations. The Company has reported on stakeholder concerns, communication channels and frequency, and communication performance in a systematic manner. This report was presented to the Board of Directors on May 6, 2024 and disclosed in the Stakeholder Section of the company website (https://www.ycinox.com/tw/ir/ir-246).	No significant difference.
6. Does the Company appoint a professional share affairs agent to handle shareholders' meetings related affairs?	√		The Company has appointed the SinoPac Securities Stock Affairs Agency to handle our Shareholders' Meetings affairs.	No significant difference.

Assessment Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
7. Information Disclosure				
(1) Has the Company established a website to disclose information on financials, business and corporate governance?	√		The Company has set up a website to disclose the latest information related to financial and corporate governance. The website is https://www.ycinox.com/tw	No significant difference.
(2) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company website)?	√		The Company has a dedicated unit responsible for the collection and release of various information of the Company, and has set up a spokesperson in accordance with regulations to be responsible for the disclosure of material internal information of the Company. The company was invited to participate in the 2023Q4 institutional investor conference held by SinoPac Securities on December 12, 2023, where an overview of the Company's operations was presented, relevant information has been disclosed on MOPS and the Company website.	No significant difference.
(3) Does the Company announce and file its annual financial report within two months after the end of the fiscal year, and announce and file its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	√		The Company's quarterly and annual financial statements, and operating performance of each month, are all publicly announced and declared within the specified deadline.	No significant difference.
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, continuing education for directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and purchase of liability insurance for directors and supervisors)?	√		1. The implementation of employee benefits and employee care: please refer to the labor relations on page 72. 2. In 2023, all members of the Board of Directors in the Company met the required training hours set by the competent authorities. Please refer to page 29. 3. The implementation of risk management policies and risk measurement standards: please refer to page 89. 4. Investor Relations, Supplier Relationships, Implementation of Stakeholder Rights, and Customer Policy: please refer to page 62. 5. The Company has obtained directors' liability insurance for the Board of Directors, and it was reported to the Board of Directors on September 1, 2023, the 16 th Board Meeting of the 17 th session.	No significant difference.
9. Improvements made in the most recent year in response to the results of Corporate Governance Evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved:				

Assessment Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
In the fiscal year 2023, the Company's final score in the 10 th Corporate Governance Evaluation was 85.98 points, placing it in the ranking range of 21% to 35% among listed companies. A report on improvement plans based on the corporate governance evaluation results was submitted to the Board of On May 6, 2024, the 20 th Board Meeting of the 17 th session. The following is an explanation of the evaluation indicators that have been strengthened but did not score for the Company:				
Improved Situation	Evaluation Indicator	Description of improvement		
Items identified as priorities for strengthening and improvement	2.18	The internal performance evaluation results of the Board of Directors, the Audit Committee, and the Compensation Committee have been reported to the Board of Directors and will be disclosed in the 2023 annual report.		
	2.22	In 2024, the Sustainability Committee will become a functional committee responsible for supervising and ensuring the implementation of risk management. The committee will report on risk management to the Board of Directors at least once a year and ensure the disclosure of its operations.		
	3.20	In 2023, the Company was invited to participate in 2023Q4 institutional investor conference held by SinoPac Securities and will implement future actions based on actual needs.		
	4.5	The 2023 Sustainability Report will obtain third-party verification.		

✧Continuing education of Directors and Independent Directors in 2023:

Title	Name	Date	Host	Course Title	Training Hours
Chairman	Chang, Chin-Yu	2023/06/16	Taiwan Corporate Governance Association	How Directors and Supervisors Supervise Risk Management and Crisis Management to Strengthen Corporate Governance	3.0
		2023/11/10	Taiwan Corporate Governance Association	Risk Management and Strategy Analysis for Corporate Sustainability	3.0
Director	Chang, Chin-Peng	2023/06/16	Taiwan Corporate Governance Association	How Directors and Supervisors Supervise Risk Management and Crisis Management to Strengthen Corporate Governance	3.0
		2023/11/10	Taiwan Corporate Governance Association	Risk Management and Strategy Analysis for Corporate Sustainability	3.0
Director	Shih, Yung-Che	2023/06/16	Taiwan Corporate Governance Association	How Directors and Supervisors Supervise Risk Management and Crisis Management to Strengthen Corporate Governance	3.0
		2023/11/10	Taiwan Corporate Governance Association	Risk Management and Strategy Analysis for Corporate Sustainability	3.0
Director	Shih, Ya-Hui	2023/4/19	Taiwan Corporate Governance Association	Practical Operations of Corporate Performance Management and Reward Systems	3.0
		2023/6/16	Taiwan Corporate Governance Association	How the Board Oversees ESG Risks to Build Sustainable Corporate Competitiveness	3.0
Director	Chang, Po-Kai	2023/06/16	Taiwan Corporate Governance Association	How Directors and Supervisors Supervise Risk Management and Crisis Management to Strengthen Corporate Governance	3.0
		2023/11/10	Taiwan Corporate Governance Association	Risk Management and Strategy Analysis for Corporate Sustainability	3.0
Director	Hsieh, Ming-Hong	2023/06/16	Taiwan Corporate Governance Association	How Directors and Supervisors Supervise Risk Management and Crisis Management to Strengthen Corporate Governance	3.0
		2023/11/10	Taiwan Corporate Governance Association	Risk Management and Strategy Analysis for Corporate Sustainability	3.0
Independent Director	Pan, Cheng-Hsiung	2023/06/16	Taiwan Institute for Sustainable Energy	How Directors and Supervisors Supervise Risk Management and Crisis Management to Strengthen Corporate Governance	3.0
		2023/11/10	Taiwan Corporate Governance Association	Risk Management and Strategy Analysis for Corporate Sustainability	3.0

Title	Name	Date	Host	Course Title	Training Hours
Independent Director	Chen, Tai-Shan	2023/03/15	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3.0
		2023/06/16	Taiwan Corporate Governance Association	How Directors and Supervisors Supervise Risk Management and Crisis Management to Strengthen Corporate Governance	3.0
		2023/11/10	Taiwan Corporate Governance Association	Risk Management and Strategy Analysis for Corporate Sustainability	3.0
Independent Director	Kuo, Chao-Sung	2023/06/16	Taiwan Corporate Governance Association	How Directors and Supervisors Supervise Risk Management and Crisis Management to Strengthen Corporate Governance	3.0
		2023/11/10	Taiwan Corporate Governance Association	Risk Management and Strategy Analysis for Corporate Sustainability	3.0
Independent Director	Chang, Wei-Lun	2023/06/16	Taiwan Corporate Governance Association	How Directors and Supervisors Supervise Risk Management and Crisis Management to Strengthen Corporate Governance	3.0
		2023/11/10	Taiwan Corporate Governance Association	Risk Management and Strategy Analysis for Corporate Sustainability	3.0

3.4.4 Members, Duties and Operation of the Compensation Committee

A. Information of members of Compensation Committee

Title	Name	Criteria		
		Qualifications and Experiences	Independence	Number of Other Public Companies in which the Member also Serves as an on the Compensation Committee
Independent Director (Convener)	Chen, Tai-Shan	Please refer to the Page 8, "Directors' qualification and independent directors' independence status".		
Independent Director	Pan, Cheng-Hsiung			
Independent Director	Kuo, Chao-Sung			
Independent Director	Chang, Wei-Lun			

B. Operation of the Compensation Committee

1. The Company's Compensation Committee is composed of 4 members.

2. The term for current committee: September 3, 2021 to August 22, 2024.

Compensation Committee meeting has been convened twice (A) in 2023, their attendance is shown as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of Attendance in Person (B/A)	Remarks
Independent Director/ Convener	Chen, Tai-Shan	2	—	100%	
Independent Director	Kuo, Chao-Sung	2	—	100%	
Independent Director	Pan, Cheng-Hsiung	2	—	100%	
Independent Director	Chang, Wei-Lun	2	—	100%	

Other matters to be recorded:

- If the Board of Directors does not adopt or amend the recommendations made by the Compensation Committee, the date, session, the content of proposals, resolutions of the Board Meeting and the Company's action in response to opinions from the Compensation Committee shall be specified (if the remuneration approved by the Board of Directors is better than that recommended by the Compensation Committee, the discrepancies and related reasons shall be specified): None.
- If any member of the Compensation Committee has dissenting opinion or qualified opinion on the resolutions of the Compensation Committee, where such opinions are documented or issued through written statements, the date, session, the content of proposals, all the members' opinions of the meeting of the Compensation Committee, and the action in response to these opinions shall be specified: None.

3. Resolutions of the Compensation Committee in 2023:

Date/ Session of Compensation Committee Meeting	Proposal	Resolution of the Compensation Committee	Company's Response to the Opinion of the Compensation Committee
March 10, 2023, the 5 th meeting of the 5 th session	1. Reviewed the managerial officers' year-end bonus principle for 2022 and the rationality of actual payment amount. 2. Discussion of the 2022 distribution of directors' compensation and employees' profit-sharing.	Approved by all members present in the Compensation Committee meeting.	Approved by all directors present in the Board meeting.
December 29 2023, the 6 th meeting of the 5 th session	1. Reviewed the managerial officers' profit-sharing bonus principle for 2022 and the rationality of actual payment amount. 2. Reviewed the directors' compensation principle for 2022 and the rationality of actual payment amount. 3. Reviewed the managerial officers' salary structure for 2022, its principle and the rationality of actual payment amount. 4. Reviewed each of the managerial officers' salary structure for 2022, its principle and the rationality of actual payment amount. 5. Company-wide employee salary adjustments. 6. Amendment of Payroll Policy. 7. Fixed monthly salary adjustments for all managerial officers.		
March 8, 2024, the 7 th meeting of the 5 th session	1. Reviewed the managerial officers' year-end bonus principle for 2023 and the rationality of actual payment amount. 2. Discussion of the 2023 distribution of directors' compensation and employees' profit-sharing. 3. Amendment of Regulations for the Compensation of Directors and their Concurrently-Serving Functional Committees. 4. Review of YC INOX TR's Policies and Regulations of Salary and Compensation 5. YC INOX TR's change in general manager 6. Compensation plan for managerial officers of the Company and YC INOX TR(vice general manager and above). 7. Compensation plan for Directors of YC INOX TR.		

3.4.5 Implementation of Sustainable Development and Discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancy:

Item	Implementation Status			Discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and its Reasons						
	Yes	No	Summary							
1. Does the Company have a governance structure for promoting sustainable developments and exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing sustainable development, and let the Board of Directors entrust the high-ranking management with the implementation and supervise the status?	√		1.Promoting the Governance Framework for Sustainable Development: To achieve the Company's sustainable development goals and strengthen sustainable governance, the Sustainability Committee was established during the 17th board meeting on May 6, 2022. The 20th board meeting of the 17th session on May 6, 2024, approved the amendment of the "Sustainability Committee Charter." The Committee shall consist of no fewer than three members, appointed by the Board of Directors, with a majority of independent directors among them. Committee members are required to possess professional knowledge and capabilities in corporate sustainability, and at least one director should participate in supervision. The administrative unit of the committee is the Finance Department, with one executive secretary served by the Chief Corporate Governance Officer, responsible for handling committee-related matters and executing tasks assigned by the committee. The committee establishes three executive groups: "Corporate Governance," "Social Responsibility," and "Environmental Sustainability." Heads of relevant departments appointed by the CEO are responsible for managing the operations, promoting, and executing the responsibilities of each group, reporting regularly to the committee on implementation plans and outcomes, and reporting to the Board of Directors through the committee. 2.Implementation of Sustainable Development: (1) The Sustainability Committee shall hold at least two meetings per year, and its responsibilities include: a. Develop, promote, and enhance sustainability policies, annual development plans, and strategies. b. Establish, supervise, and review policies and management mechanisms related to corporate governance, ethical operations, and risk management. c. Review, track, and revise the implementation and effectiveness of sustainability initiatives. d. Address important issues raised by stakeholders and supervise communication plans. e. Supervise sustainability information disclosure and review sustainability reports. Oversee the execution of business practices or other sustainability-related work as determined by the Board of Directors in line with the Company's sustainability guidelines. (2) Execution Status for the Current Year: <table><tr><th>Date</th><th>Meeting Agenda</th><th>Supervision by the Board of Directors</th></tr><tr><td>2023.05.02</td><td>✧ Report on the Implementation Status/Evaluation Results and Improvement Plan of Corporate Governance. ✧ Report on the Implementation Status of Sustainable Development Promotion Plan:</td><td>Adopted by the all attending directors present at the 13th Board meeting of 17th session on May 5,</td></tr></table>	Date	Meeting Agenda	Supervision by the Board of Directors	2023.05.02	✧ Report on the Implementation Status/Evaluation Results and Improvement Plan of Corporate Governance. ✧ Report on the Implementation Status of Sustainable Development Promotion Plan:	Adopted by the all attending directors present at the 13 th Board meeting of 17 th session on May 5,	No significant difference.
Date	Meeting Agenda	Supervision by the Board of Directors								
2023.05.02	✧ Report on the Implementation Status/Evaluation Results and Improvement Plan of Corporate Governance. ✧ Report on the Implementation Status of Sustainable Development Promotion Plan:	Adopted by the all attending directors present at the 13 th Board meeting of 17 th session on May 5,								

Item	Implementation Status						Discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and its Reasons
	Yes	No	Summary				
					1. Implementation status of sustainable development. 2. Communication with stakeholders. ✧ Amendment of the "Practical Guidelines for Corporate Governance". ✧ Amendment of the "Sustainable Development Best Practice Principles". ✧ Climate-related financial disclosure information. ✧ Greenhouse gas management strategy, reduction targets, and plans.	2023.	
				2023.07.28	✧ Amendment of "Information Security Manual". ✧ Amendment of "Procedures for Computer Operation Safety Management". ✧ 2022 Sustainability Report Issuance Proposal.	Adopted by the all attending directors present at the 15 th Board meeting of 17 th session on Aug 4, 2023.	
				2023.11.06	✧ Report on Environmental Sustainability Implementation: 1. Implementation Status of Greenhouse Gas Inventory and Verification Schedule for Subsidiaries in the Consolidated Financial Statements. 2. 2023 Greenhouse Gas Inventory and Verification Schedule Planning.	Adopted by the all attending directors present at the 17 th Board meeting of 17 th session on Nov 10, 2023.	
				2023.12.26	✧ Report on Corporate Governance Implementation: 1. Stipulation of Intellectual Property Management Plans Linked to Operational Goals: 2. Implementation of Ethical Management in 2023: 3. Risk Management Implementation in 2023: 4. Information Security Management in 2023: 5. 2023 Sustainability Report Preparation Plan:	Adopted by the all attending directors present at the 18 th Board meeting of 17 th session on Dec 29, 2023.	
				2024.03.05	✧ Report on Environmental Sustainability Implementation: Status of Greenhouse Gas Inventory and Verification Schedule Planning for Subsidiaries in the Consolidated Financial Statements. ✧ Amendment of "Procedures for the Preparation and	Adopted by the all attending directors present at the 19 th Board meeting of 17 th session on Mar 8, 2024.	

Item	Implementation Status					Discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and its Reasons
	Yes	No	Summary			
				Verification of Sustainability Reports." 2024.05.03 ✧ Report on the Implementation, Evaluation Results, and Improvement Plans for Corporate Governance. ✧ Report on Status of Sustainability Development Implementation Promotion Plans: 1. Status of Sustainability Development Implementation. 2. Communication with Stakeholders. 3. Status of Risk Management Implementation for 2023. ✧ Environmental Sustainability Implementation Report: Status of Greenhouse Gas Inventory and Verification Schedule Planning for Subsidiaries in the Consolidated Financial Statements. ✧ Climate-related Financial Disclosure Information. ✧ Greenhouse Gas Management Strategy, Reduction Targets, and Plans. Adopted by the all attending directors present at the 20th Board meeting of 17th session on May 6, 2024.		
2. Has the Company conducted risk assessment on environmental, social and corporate governance issues related to corporate operations and formulated relevant risk management policies or strategies based on materiality principle?	√		1.On May 6, 2022, the 6th Board meeting of the 17th session, the Company adopted the establishment of the "Risk Management Policy and Procedures." The risk management policy aims to achieve sustainable operations by implementing systematic and institutionalized management mechanisms to effectively identify, assess, monitor, and control risks, ensuring that risks are kept within the Company's acceptable range and preventing potential losses. 2.Heads of department are responsible for risk management within their area of responsibilities. They are tasked with analyzing and monitoring risks within their units. Risk Management Execution Team is responsible for making risk management decisions, cross-department coordination, communication, risk alerting, and other related tasks. They ensure appropriate risk control through regular reporting to higher authorities. 3.The Company identifies potential risks for four key aspects, namely business operational aspect, financial aspect, production operational aspect and environmental aspect. These identified risks are categorized by control banding and managed based on internal evaluation conducted by individual department. Every department is responsible for formulating and executing risk management strategies and response plans for identified risks. 4.The Company evaluates the likelihood and impact of identified risks through each unit, conducting materiality analyses to identify high-priority risk issues requiring close attention. Based on their significance, risk management is implemented. The identified risk items are classified as follows: Significant			No significant difference.

Item	Implementation Status			Discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and its Reasons
	Yes	No	Summary	
			Risks: Energy management, market competition, climate change, concentrated sourcing and suppliers, information security, human resources. General Risks: Natural disasters, inflation, foreign exchange rate fluctuations, environmental pollution, corporate image, political factors, investments, interest rate fluctuations, customer complaints, production capacity imbalances, occupational safety and health, and major statutory communicable diseases. For the identified significant risk issues, response measures have been formulated and executed based on internal control systems or management practices. The Risk Management Execution Team continuously and regularly assesses the impact of these risks. 5.The Internal Audit office formulates annual audit plans based on the risk assessment results of each business unit, ensuring that all identified risks within the Company receive appropriate control measures, and provides timely improvement recommendations. The progress of the related initiatives was reported at the 18th meeting of the 17th session of Board of Directors on December 29, 2023, the 18th meeting of the 3rd session of Audit Committee on May 6, 2024, and the 20th meeting of the 17th session of Board of Directors, and disclosed on the company website (https://www.ycinox.com/tw/ir/ir-353).	
3. Environmental Issues (1) Has the Company established an appropriate environmental management system based on the characteristics of its industry?	√		The Company's Douliou mill I has established an environmental management system in accordance with ISO 14001 and consistently undergoes third-party verification. In 2021, it was verified and issued the ISO 14001 certificate by TUV. Waste recycling and disposal are conducted in compliance with the environmental health and safety management system and environmental regulations. The implementation effectiveness is regularly reviewed, and continuous improvements are made. The execution status is reported to the Occupational Health and Safety Committee on a quarterly basis.	No significant difference.
(2) Is the Company committed to improving resource utilization efficiency and to the use of renewable materials with low environmental impact?	√		In order to reduce the environmental impact of our operations, the Company has implemented several measures: At the Douliou mill II, a process acid regeneration and process acid supply system have been established. The process acid waste is recycled with a recovery rate of over 85%. Additionally, a wastewater treatment system is in place to treat both domestic and process wastewater. The process wastewater has a recovery rate of over 90%, demonstrating our commitment to wastewater recycling and resource conservation in the production process. At the Puoshing mill, we introduced an Aerobic Fluidized Bed (AFB) biotreatment technology to decompose nitrate nitrogen. We have obtained the discharge permit and have achieved the national standard for effluent water (total nitrogen) content ahead of schedule, even before the target year of 2027. The Douliou mill I has proactively adopted the Moving Bed Biofilm Reactor (MBBR) wastewater treatment technology, achieving higher-quality discharge water to comply with upgraded environmental regulations.	No significant difference.

Item	Implementation Status			Discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and its Reasons												
	Yes	No	Summary													
(3) Has the Company evaluated the current and future potential risks and opportunities of climate change, and adopted countermeasures related to climate issues?	√		The Company initiated the implementation of ISO 14064-1 greenhouse gas inventory and ISO 50001 energy management system across all its Taiwan facilities starting in 2021. In the fiscal year 2021, the Company completed third-party verification for ISO 50001, and in 2022, it completed greenhouse gas inventory (Scope 1 to Scope 3) and third-party verification for ISO 14064-1. These initiatives are undertaken to address the risks posed by climate change to the Company's operations. For more details, please refer to the company website at https://www.ycinox.com/tw/ir/ir-242 .	No significant difference.												
(4) Has the Company collected statistics of emissions of greenhouse gas(GHG), the usage of water, and the total weight of waste in the past two years; and formulated energy saving and carbon reduction, GHG reduction, water saving, and other waste management policies?	√		1. Greenhouse gas emissions in the last two years: Unit: Metric tons CO²/year<table><tr><th>Year</th><th>Scope 1 (Direct emissions)</th><th>Scope 2 (Energy indirect emissions)</th><th>Scope 3 (Other indirect emissions)</th></tr><tr><td>2022</td><td>1,603.02</td><td>17,965.28</td><td>7,732.41</td></tr><tr><td>2023</td><td>1,885.42</td><td>17,355.54</td><td>8,526.30</td></tr></table> Note: (1) Direct emissions (Scope 1): Includes emissions from natural gas, gasoline, diesel, welding, refrigerant leaks, and other direct emissions during production. (2) Indirect energy-related emissions (Scope 2): Includes emissions from purchased electricity. (3) Other indirect emissions (Scope 3): Includes emissions from raw material extraction, manufacturing and processing (including purchased electricity, tap water, chemical usage), transportation, wastewater discharge, waste disposal, and other indirect emissions. (4) The Company conducts greenhouse gas inventories following the procedures of ISO 14064-1 and undergoes third-party external verification. The greenhouse gas emission coefficients are referenced from the Environmental Protection Administration's Greenhouse Gas Emission Coefficients Management Table version 6.0.4. (5) The Global Warming Potential (GWP) values are sourced from the "Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (2021)". (6) In 2023, the production volume was increased by approximately 5.9%, so the greenhouse gas emissions has increased. (7) Energy-saving and carbon reduction measures: In line with the international trade situation and the government's promotion of net-zero carbon emissions, the Company successfully obtained ISO 50001 Energy Management System certification in 2021. The Company has actively promoted the installation of solar power generation systems, with the first phase completed in May 2022, with a green electricity installation capacity of 5,511.72 kWp. In 2023, the Company started the second phase installation with an approximate capacity of 6,000 kWp, estimating a generation of about 8.4 million kWh annually. The cumulative investment for these projects is approximately	Year	Scope 1 (Direct emissions)	Scope 2 (Energy indirect emissions)	Scope 3 (Other indirect emissions)	2022	1,603.02	17,965.28	7,732.41	2023	1,885.42	17,355.54	8,526.30	No significant difference.
Year	Scope 1 (Direct emissions)	Scope 2 (Energy indirect emissions)	Scope 3 (Other indirect emissions)													
2022	1,603.02	17,965.28	7,732.41													
2023	1,885.42	17,355.54	8,526.30													

Item	Implementation Status			Discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and its Reasons																								
	Yes	No	Summary																									
			NT\$450 million, with an estimated electricity generation of 16.23 million kWh. According to the latest carbon emission coefficient released by the Bureau of Energy (0.495 CO2e/kWh), this translates to an annual reduction of about 8,030 metric tons of CO2 emissions, equivalent to the carbon absorption capacity of 20.6 Da'an Forest Parks or the afforestation benefits of 811 hectares. 2. Total water consumption in the past 2 years: Unit: Metric tons <table><tr><th>Year</th><th>Shijou Mill</th><th>Puoshing Mill</th><th>Douliou Mill I</th><th>Douliou Mill II</th></tr><tr><td>2022</td><td>29,630</td><td>51,930</td><td>5,581</td><td>34,784</td></tr><tr><td>2023</td><td>32,331</td><td>49,167</td><td>5,060</td><td>38,530</td></tr></table> Note: Water conservation measures: The Company continues to implement various water conservation initiatives to achieve the goal of reducing water usage. A significant increase in water withdrawn in 2023 was due to adjustments to production capacity and processes. 3. The total amount of waste in the past 2 years: Unit: Metric tons <table><tr><th>Year</th><th>Hazardous waste</th><th>Non-hazardous waste</th></tr><tr><td>2022</td><td>350.30</td><td>747.25</td></tr><tr><td>2023</td><td>337.02</td><td>702.45</td></tr></table> Note: Waste management measures: The Company has obtained ISO 14001 Environmental Management System and implements various environmental management improvement plans annually to achieve waste reduction and pollution prevention goals.	Year	Shijou Mill	Puoshing Mill	Douliou Mill I	Douliou Mill II	2022	29,630	51,930	5,581	34,784	2023	32,331	49,167	5,060	38,530	Year	Hazardous waste	Non-hazardous waste	2022	350.30	747.25	2023	337.02	702.45	
Year	Shijou Mill	Puoshing Mill	Douliou Mill I	Douliou Mill II																								
2022	29,630	51,930	5,581	34,784																								
2023	32,331	49,167	5,060	38,530																								
Year	Hazardous waste	Non-hazardous waste																										
2022	350.30	747.25																										
2023	337.02	702.45																										
4. Social Issues (1) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and the International Bill of Human Rights?	√		The Company is committed to fulfilling its corporate social responsibility by safeguarding the basic human rights of all employees (including contract and temporary personnel), customers, and stakeholders. It supports and adheres to internationally recognized human rights norms and principles, such as the United Nations Universal Declaration of Human Rights, United Nations Global Compact, and International Labour Organization conventions. The Company treats its employees with dignity and respect, and has established a human rights policy (details available on the company website: https://www.ycinnox.com/tw/ir/ir-242, and complies with labor-related laws and regulations in the respective locations, ensuring that no acts infringing upon or violating human rights occur.	No significant difference.																								

Item	Implementation Status			Discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and its Reasons
	Yes	No	Summary	
(2) Has the Company formulated and implemented reasonable employee welfare measures (including remuneration, rest and annual leave, and other benefits), and appropriately reflected the operating performance or achievements in the employee remuneration?	√		The Company has established relevant policies and procedures regarding salary, bonuses, and performance evaluations, ensuring an effective linkage between job performance and individual compensation. Additionally, various employee welfare activities and subsidies are organized through the Employee Welfare Committee. 1. Business Performance Reflected in Employee Compensation: Based on the "Regular Employee Performance Appraisal Measures", the Company implements employee performance evaluations as a basis for salary adjustments, operational profit bonuses, year-end bonuses, and employee remuneration for promotions, transfers, and other considerations. 2. Employee Welfare Measures: The Company has established the Employee Welfare Committee, allocating over NT\$31 million in welfare funds in 2023 to provide high-quality benefits to employees. These benefits include subsidies for marriage, funeral expenses, hospital visits for injuries and illnesses, family day activities, children's scholarships, festival bonuses, and birthday celebrations. The Company has established various types of employee leave and their respective durations. Employees who have worked for more than six months are granted special leave. Additionally, accident insurance is provided for all employees, and retirement funds are allocated in accordance with legal requirements.	No significant difference.
(3) Does the Company provide a safe and healthy work environment and regularly offer safety and health training to its employees?	√		The Company has obtained ISO 45001 and CNS 45001 certifications for occupational health and safety, emphasizing the physical and mental well-being of employees. Regular employee health check-ups are conducted, with special attention given to employees engaged in specific operations who undergo annual health examinations to prevent occupational hazards. The Company's medical staff visits the facility monthly to provide health lectures, training sessions, and to analyze and address health check-up results. Health-related information is periodically communicated to employees. First aid personnel are available to ensure the protection of employees' physical and mental health through evacuation procedures, emergency response, rest facilities, and other measures to prevent work-related health issues and promote maternal health protection.	No significant difference.
(4) Has the Company established effective career development training programs for its employees?	√		The Company has established the "Regulations for employees' education and training" tailored to the management needs of different levels, taking into account the needs and personality traits of employees. These measures aim to develop the management capabilities of employees at different levels, enhance their career skills, and standardize the execution processes. The implementation of these measures follows the ISO 9001 management system to ensure the quality of training. In 2023, a total of 8,920 employees participated in educational and training courses, accumulating a total of 22,618 training hours.	No significant difference.

Item	Implementation Status			Discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and its Reasons
	Yes	No	Summary	
(5) Does the Company comply with relevant laws and international standards in health, safety, and privacy of consumers as well as marketing and labeling of its products and services, and establish consumer protection policies and appeals procedures?	√		1. The Company operates based on the principles of "Innovation Breakthrough, Pursuing Excellence, Quality-First, and Giving Back to Society." It has obtained various certifications, such as ISO 9001 certification, TAF (Taiwan Accreditation Foundation) laboratory accreditation, TUV (Technischer Überwachungsverein) Rheinland ISO 14001 certification, TUV Rheinland ISO 45001 and CNS 45001 certifications, and JQA (Japan Quality Assurance) JIS MARK certification. 2. The Company has established the "Regulations for Customer Service" and designated dedicated technical service personnel to establish a customer-oriented quality system, fostering a strong sense of trust. The company website also includes a dedicated section for stakeholders, providing a complaint hotline and email for inquiries and feedback.	No significant difference.
(6) Has the Company established supplier management policies, requesting suppliers to comply with relevant regulations on issues regarding environmental protection, occupational safety and hygiene, or labor rights, and disclosed the implementation?	√		The Company has established Supplier Management Procedures and Regulations for Procurement Management to systematically organize and plan supplier-related activities in order to meet quality, environmental, and occupational health and safety requirements. Suppliers of the Company are required to sign the "Contractor Membership Agreement Organization Application Form" and the "Contractor Safety and Health Management Commitment Letter," as well as confirming their compliance with the Company's Supplier Code of Conduct. Additionally, the Company holds an annual "Supplier Education and Training" event to share industrial safety and health concepts and practices with suppliers, thereby strengthening supplier management. To enhance the sustainable management of the supply chain, YC INOX conducts on-site evaluations of suppliers annually to understand their management systems, quality systems, and manufacturing capabilities, providing an additional guarantee for product quality.	No significant difference.
5. Has the Company adopted internationally recognized standards or guidelines to prepare non-financial reports such as sustainability report? Has the Company obtained a third-party assurance or verification for such reports?	√		The Company has stipulated the "Sustainable Development Best Practice Principles" and established the "Sustainability Committee". The 2023 Sustainability Report will disclose the Company's non-financial information in accordance with internationally accepted reporting standards and obtain assurance or verification opinions from a third-party verification agency.	No significant difference.
6. If the Company has established sustainable development principles based on Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the principles and their implementation: The Company has stipulated the "Sustainable Development Best Practice Principles", and has established comprehensive internal control systems and management procedures. All operations are carried out in accordance with the guidelines without any significant difference.				
7. Other key information useful for explaining the status of sustainable development implementation: Please refer to the Sustainability Development section on the company website (http://www.ycinox.com/tw/ir/ir-261) and the 2023 Sustainability Report.				

Climate-related Information for Listed Companies

Implementation Status of Climate-related Information

Item	Implementation Status
1. Describe the oversight and governance of the Board of Directors and management regarding climate-related risks and opportunities	YC INOX places significant importance on environmental impact and climatic change issues relevant to value chain. The Company actively develops measures to address global climate change and transformation trends, aiming to mitigate industry's impact on climate and reduce operational disruptions caused by current trends. In order to identify risks and opportunities associated with climate change for each department and effectively mitigate and reduce extensive impacts arising from climate change, YC INOX adopted 2017 "Climate-Related Financial Disclosures (TCFD) Framework" issued by Financial Stability Board (FSB). This framework covers four core elements: governance, strategy, risk management, and metrics and targets. Board of Directors and Audit Committee are highest governing bodies responsible for reviewing and guiding YC INOX's overall climate change strategy, action plans and annual objectives. The Board and Audit Committee receive annual reports from Sustainability Committee on implementation plans and achievements in this regard. In order to effectively manage climate-related risks and opportunities, YC INOX established Sustainability Committee and formed Environmental Sustainability Execution Team. Environmental Sustainability Execution Team is led by management from Administration Department. In accordance with YC INOX's risk management policies, this execution team is responsible for analyzing and monitoring climate-related risks and opportunities. It holds regular meetings to discuss related topics. After compiling its work, the Environmental Sustainability Execution Team shall periodically report to Sustainability Committee.
2. Explain how the identified climate-related risks and opportunities impact the Company's business, strategy, and financial planning in the short, medium, and long term.	YC INOX manages climate-related issues based on TCFD recommendation framework. The Company collects climate data beforehand and conducts cross-departmental discussions to identify significant climate change risks and opportunities. We assess short, medium, and long-term financial impacts of these risks and opportunities and formulates adjustment policies and response measures for the Company's operating models and strategies. Management timeframe is defined as short-term with impact of less than three years and medium to long-term with impact of more than three years. YC INOX identified climate-related risks and opportunities based on different time spans and topics by evaluating impact on the Company's operations before formulate response strategies. In total, 5 climate change risks and 3 climate change opportunities have been identified, please refer to our 2023 Sustainability Report for the identification results of major climate risks and opportunities, as well as our company website.
3. Describe the financial impact of extreme weather events and transition actions.	For information regarding extreme weather events and transition actions' impact on finances, please refer to our 2023 Sustainability Report for the identification results of major climate risks and opportunities, as well as our company website.
4. Explain how the identification, assessment, and management of climate risks are integrated into the overall risk management system.	The process for managing climate change-related risks at YC INOX follows the Company's "Risk Management Policies and Procedures". The responsible unit for this process is the Administration Department, which periodically collects information on domestic and international climate change trends and regulatory changes, identifies climate-related risks and opportunities in the industry and compiles a list of climate-related risks and opportunities. They also conduct educational training on climate risks and opportunities, and holds group meetings to annually identify and screen risks. The process concludes with a summary of significant climate-related risks and opportunities for YC INOX, as well as existing management measures and response plans. For overall risk management system at YC INOX, please refer to Section 2.3 of the risk management of our 2023 Sustainability Report, as well as our company website.
5. If scenario analysis is used to assess the resilience to climate change risks, explain the scenarios, parameters, assumptions, analytical factors, and key financial impacts used.	Due to the increasing trend of carbon credit mechanism, carbon taxes or carbon fee implemented by countries worldwide, it may result in additional costs for businesses, leading to overall increase in operating costs. YC INOX will assess the major financial impacts of the aforementioned transition risks through different scenarios. For more information, please refer to our 2023 Sustainability Report as well as our company website.

6. If there is a transition plan for managing climate-related risks, explain the plan's content, and the metrics and targets used to identify and manage physical risks and transition risks.	To review the measures taken in response to climate-related risks and the transition plan, please refer to our 2023 Sustainability Report for the identification results of major climate risks and opportunities, as well as our company website.
7. If internal carbon pricing is used as a planning tool, the basis for price determination should be explained.	As of the date of the annual report printing, YC INOX has not yet utilized internal carbon pricing as a planning tool.
8. If there are climate-related goals set, details should be provided on the activities covered, greenhouse gas emission scopes, planning timeline, progress achieved each year, etc. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these goals, the sources and quantities of carbon offsets or the number of RECs exchanged should be explained.	As of the date of the annual report printing, YC INOX has not set climate-related goals.
9. Greenhouse gas inventory and verification status along with reduction targets, strategies, and specific action plans should be detailed (also fill in sections 1-1 and 1-2).	Please see the following explanations.

1-1 Greenhouse Gas Inventory and Verification Status in the Most Recent Two Years

1-1-1 Greenhouse Gas Inventory Information

Describe the greenhouse gas emissions for the most recent two years in terms of metric tons of CO₂ equivalent (CO₂e), intensity (metric tons of CO₂e per million dollars), and the scope of data coverage.

1. Greenhouse Gas Emissions and Intensity for the Most Recent Two Years (Scope 1 and Scope 2):

Unit: Metric Tons of CO₂e

Greenhouse Gas (Scope 1) Emissions		
Site	Year	
	2022	2023
Puoshing Mill	357.66	332.90
Shijou Mill	185.49	185.64
Douliou Mill I	64.29	68.64
Douliou Mill II	995.58	1,298.24
Total	1,603.02	1,885.42

Unit: Metric Tons of CO₂e

Greenhouse Gas (Scope 2) Emissions		
Site \ Year	2022	2023
Puoshing Mill	7,284.59	6,422.28
Shijou Mill	3,963.48	3,895.55
Douliou Mill I	843.42	905.85
Douliou Mill II	5,873.79	6,131.86
Total	17,965.28	17,355.54

Scope 1 and 2 Emission Intensity		
Site \ Year	2022	2023
Puoshing Mill	0.27	0.26
Shijou Mill	0.20	0.18
Douliou Mill I	0.02	0.02
Douliou Mill II	0.31	0.29
Total	0.16	0.15

Note 1: Scope 1 emissions include use of natural gas, gasoline and diesel, welding, refrigerant fugitive, and other direct emissions created during manufacturing processes; Scope 2 emissions are emissions from purchased electricity.

Note 2: Global warming potential (GWP) is calculated based on "IPCC Sixth Assessment Report (2021)", whereas greenhouse gas emission coefficients are obtained by referencing GHG Emission Factor Management Table (version 6.0.4) released by Environmental Protection Administration.

Note 3: Electricity carbon emission coefficients are obtained by referencing the latest values announced by the Bureau of Energy, which was 0.495 kg CO₂e/kWh in 2022.

Note 4: Inventory scope of YC INOX: Puoshing Mill, Shijou Mill, Douliou Mill I and II.

2. Greenhouse Gas Emissions and Intensity for the Most Recent Two Years (Scope 3):

Unit: Metric Tons of CO₂e

Greenhouse Gas (Scope 3) Emissions		
Site \ Year	2022	2023
Puoshing Mill	2,264.90	2,186.84
Shijou Mill	2,178.54	1,920.37
Douliou Mill I	1,780.39	2,555.17
Douliou Mill II	1,508.58	1,863.92
Total	7,732.41	8,526.30

Note 1: Scope 3 includes indirect emissions from raw material, mining, manufacturing, and processing process (e.g., purchased electricity, tap water, and pharmaceutical), transportation, wastewater discharge, waste treatment emissions, and other indirect emissions.

Note 2: Global warming potential (GWP) is calculated based on "IPCC Sixth Assessment Report (2021)", whereas greenhouse gas emission coefficients are obtained by referencing GHG Emission Factor Management Table (version 6.0.4) released by Environmental Protection Administration.

Note 3: Inventory scope of YC INOX: Puoshing Mill, Shijou Mill, Douliou Mill I and II.

1-1-2 Greenhouse Gas Assurance Information

Description of the most recent two years' assurance status as of the printing date of the annual report, including the assurance scope, assurance provider, assurance standards, and assurance opinion.

Item \ Year	2022	2023
Assurance Scope	All Mills in Taiwan (Puoshing Mill, Shijou Mill, Douliou Mill I, and Douliou Mill II) Verification coverage: 2022/1/1~2022/12/31	All Mills in Taiwan (Puoshing Mill, Shijou Mill, Douliou Mill I, and Douliou Mill II) Verification coverage: 2023/1/1~2023/12/31
Assurance Institution	TUV Rheinland Taiwan Ltd.	TUV Rheinland Taiwan Ltd.
Assurance Standard	ISO 14064-1:2018	ISO 14064-1:2018
Assurance Opinion	Assurance Level: Reasonable Assurance	Assurance Level: Complete assurance information will be disclosed in the Sustainability Report.

Note 1: In accordance with Article 10, Paragraph 2 of this standard, the company should obtain a complete greenhouse gas assurance opinion by the printing date of the annual report. If the company has not obtained a complete assurance opinion by that date, it should be noted that "Complete assurance information will be disclosed in the Sustainability Report." If the company has not prepared a Sustainability Report, it should be noted that "Complete assurance information will be disclosed on the MOPS," and complete assurance information should be disclosed in the next year's annual report.

Note 2: The assurance institution should comply with the relevant regulations of the Taiwan Stock Exchange Corporation and the Taipei Exchange regarding assurance institutions for sustainability reports.

Note 3: The disclosure content can refer to the best practice examples on the Taiwan Stock Exchange Corporation Governance Center website.

1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Describe the baseline year and data for greenhouse gas reduction, reduction targets, strategies, specific action plans, and the progress toward achieving the reduction targets.

1. The baseline year for greenhouse gas reduction and its data.
 - (1) Baseline Year: 2020
 - (2) Scope 1, Scope 2, and Scope 3 GHG emissions by all mills totaled 1,530.73, 21,050.71, and 10,179.98 metric tons CO₂e, respectively. Scope 3 inventory types mainly included indirect emissions from raw material mining, manufacturing, and processing processes (purchased electricity, tap water, pharmaceutical use, and transportation) and other indirect emissions.
2. Enterprise Strategies for Climate Change Adaptation or Greenhouse Gas Management

The Company's all mills in Taiwan began conducting ISO 14064-1 greenhouse gas inventories and ISO 50001 energy management system implementation in 2021, with ISO 50001 third-party verification completed in that same year and ISO 14064-1 Scopes 1-3 inventories and third-party verification completed in 2022. The Company continues to promote energy-saving and carbon-reduction projects to address risks posed by future climate change to its operations. In 2023, the Company formulated relevant risk management policies and strategies based on risk assessments as follows:

 - (1) The Company has established "Pre-Environmental Review Management Procedures" and "Energy Review Operating Procedures" in accordance with ISO 14001 and ISO 50001 requirements. These procedures shall be subjected to annual management reviews and appropriate measures are proposed to ensure effective operation of environmental and energy management systems.
 - (2) Various management measures have been established to implement and control waste reduction, emissions reduction, pollution prevention, and other initiatives, actively avoiding the risk of environmental pollution.
 - (3) Effective waste sorting is being conducted to minimize waste generation and enhance waste resource recovery rates as much as possible.
3. Corporate greenhouse gas emission reduction targets
 - ✧ Short Term (2025)
 - (1) Electricity usage savings by >1% annually.
 - (2) Green energy installation capacity equivalent to 37.5% of total contracted capacity for all mills in Taiwan.
 - (3) Obtain ISO 14067 carbon footprint certification for type 1 products.
 - (4) Establishing intelligent monitoring system that can capture 75% of Company's electricity consumption information.
 - (5) Complying with regulations relating to climate action and greenhouse gas emissions disclosure.
 - ✧ Mediumto-Long Term (2030)
 - (1) Electricity usage savings by >1% annually.
 - (2) Green energy installation capacity equivalent to 75% of total contracted capacity for all mills in Taiwan.
 - (3) Optimizing intelligent monitoring system that can capture 90% of Company's electricity consumption information.
 - (4) Regularly identifying climate risks and opportunities and developing corresponding strategies and action plans.
4. Specific Budget and Plan for Greenhouse Gas Emission Reduction

The company is actively promoting the installation of solar power generation systems as follows:

 - (1) The first phase, with a green electricity installation capacity of 5,511.72 kWp, was completed in May 2022.
 - (2) The second phase, with an estimated capacity of about 6,000 kWp, is expected to generate approximately 8.4 million kWh in electricity.

The cumulative investment for the aforementioned projects is approximately NT\$450 million. The electricity generation is estimated to reach 16.23 million kWh. Based on the latest carbon emission coefficient released by the Bureau of Energy (0.495 CO₂e/kWh), this translates to an annual reduction of about 8,030 metric tons of CO₂ emissions, equivalent to the carbon absorption capacity of 20.6 Da'an Forest Parks or the afforestation benefit of 811 hectares.
5. Achievement of Emission Reduction Targets:
 - (1) The Company achieved an energy saving rate of 3.97% across all mills. In 2023, the total energy savings for the Company amounted to 1,392,421 kWh, resulting in a reduction of 689.25 metric tons of CO₂e emissions annually.
 - (2) The installation capacity of green power accounts for 59.2% of the total contracted capacity for all facilities in Taiwan. In 2023, the total solar power generation reached 7,255 thousand

kWh, resulting in a reduction of approximately 3,591 metric tons of CO₂e emissions.

(3) In 2023, intelligent monitoring devices were installed in key equipment across facilities, allowing for the monitoring of electricity consumption data for each product. This data is used to calculate product costs.

Note 1: The schedule should be carried out in accordance with the provisions set forth in Article 10, Paragraph 2 of this standard.

Note 2: The baseline year should be the year in which the greenhouse gas inventory is completed based on the boundary of the consolidated financial statements. For example, according to the provisions set forth in Article 10, Paragraph 2 of this guideline, companies with a capital of over NT\$10 billion should complete the greenhouse gas inventory for the fiscal year 2024 by 2025. Therefore, the baseline year is 2024. If a company has completed the greenhouse gas inventory for the consolidated financial statements earlier than required, it may use the earlier year as the baseline year. Additionally, the data for the baseline year may be calculated as a single year or as an average over multiple years.

Note 3: The disclosure content can refer to the best practice examples on the Taiwan Stock Exchange Corporate Governance Center website.

3.4.6 Implementation of Ethical Corporate Management, Discrepancy from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and Reasons for such Discrepancy:

Evaluation Item	Implementation Status			Discrepancy from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
1. Establishment of ethical corporate management policies and programs				
(1) Has the Company formulated ethical corporate management policies approved by the Board of Directors and specified its ethical corporate management policies, measures, and the commitment of Board of Directors and the senior management on active implementation of such policies in its regulations and external documents?	√		The Company has stipulated the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct" which have been approved by the Board of Directors to establish and improve the corporate culture of integrity management, and has publicly disclosed them on the Company website. The Directors and senior management actively practice the commitment to the ethical management policy and implement it in internal management and external business activities.	No significant difference.
(2) Has the Company established a risk assessment mechanism against unethical behavior, periodically analyzed and assessed operating activities with higher risk of unethical behavior within its business scope, and established prevention programs accordingly which at least include precautions against behaviors stipulated in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE /TPEX Listed Companies?	√		In order to prevent the risks caused by dishonest business activities, the "Ethical Corporate Management Best Practice Principles" has defined dishonest behaviors and correspondence benefits, and set it in the "Procedures for Ethical Management and Guidelines for Conduct" to specify standards for preventing unethical behaviors. Effective accounting systems and internal control systems are established, which have to be reviewed from time to time to ensure the continuous and effective implementation of the system.	No significant difference.
(3) Has the Company specified operating procedures, guidelines for conduct, disciplinary and appeal system in its programs to prevent unethical behavior, implemented them accordingly and regularly reviewed those programs?	√		The Company has stipulated regulations such as "Ethical Corporate Management Best Practice Principles", "Factory working rules", "Codes of Ethical Conduct for the Directors and Managerial Officers" and "Codes of Ethical Conduct for Employees", specify related operating procedures, acting guidelines, punishment and appeal systems for violations, etc., which shall be implemented and regularly reviewed and amended. In addition, the employee ethic guarantee insurance is insured, and irregular education and training are arranged for new employees and in-service employees. Advocating at various meetings from time to time are adopted for implementation reason. Moreover, related positions have been regularly rotated to prevent the occurrence of abuses.	No significant difference.
2. Implementation of Ethical Corporate Management				
(1) Does the Company evaluate the ethical records of counterparties and specify ethical conduct clauses in business contracts?	√		The Company has stipulated the "Supplier Management Measures", which clearly specifies that the suppliers' performance and integrity must be assessed. In addition, the contract requires suppliers to abide by the Company's " Ethical Corporate Management Best Practice Principles" to avoid unethical behavior which shall damage the Company's rights and interests.	No significant difference.

Evaluation Item	Implementation Status			Discrepancy from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
(2) Does the Company establish an exclusively dedicated unit under the Board of Directors to be in charge of ethical corporate management and report its ethical corporate management policies, programs to prevent unethical behavior, and the supervision of implementation of those policies to the Board of Directors regularly (at least once a year)?	√		In order to improve ethical management, the Company has designated the Administration Department as the dedicated unit responsible for the formulation of ethical management policies and prevention plans, and the Financial Department is responsible for the supervision of the implementation. The ethical management execution in 2023 has been reported to the Board of Directors on December 29, 2023.	No significant difference.
(3) Does the Company formulate policies to prevent conflict of interests, provide appropriate reporting channels, and implement it accordingly?	√		The Company has stipulated regulations such as "Procedures for related parties transactions management", "Procedures for Ethical Management and Guidelines for Conduct", "Codes of Ethical Conduct for the Directors and Managerial Officers" and "Codes of Ethical Conduct for Employees", clearly stipulate policies to prevent conflicts of interest, and has set up a special column for interested parties on the Company website to ensure their rights and interests.	No significant difference.
(4) Has the Company established effective accounting and internal control systems for ethical corporate management, developed relevant audit plans based on the results of risk assessment of unethical behavior, and audited the status of compliance with the programs to prevent unethical behavior by the internal audit unit or a CPA?	√		In order to ensure the implementation of ethical management, the Company has established an effective accounting system and internal control system. Internal auditors regularly check the compliance of such systems. The Company's financial statements are audited or reviewed by the CPA every quarter, implementation of such systems are evaluated annually by the CPA as well.	No significant difference.
(5) Does the Company regularly hold internal and external trainings on ethical corporate management?	√		In accordance with the "Regulations for employees' education and training", the Company promotes the policy of honest management, the prevention plan of dishonesty and the consequences of violating dishonesty in departmental meetings or various education and training courses from time to time. During the pre-job training for new employees, we conducted honesty and moral education and publicity, with a total of 9 people attended, and the total training time was 4.5 hours. The publicity briefing has been placed in the Company's intranet system; the Company has also sent personnel to participate in relevant courses held by the competent authority to strengthen employees' awareness of compliance.	No significant difference.
3. Implementation of Whistleblowing System				
(1) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	√		The Company has stipulated the "Procedures for Ethical Management and Guidelines for Conduct" and the "Codes of Ethical Conduct for Employees", and has set up a dedicated hotline and e-mail address to handle related matters according to regulations. The Company also has a dedicated unit to handle related affairs in accordance with applicable regulations. If the reported incident is verified to be true, the Company will response in accordance with the Company's regulations, and legal actions shall also be taken if there is any violation of the law. In 2021, the Internal Audit Office did not receive any internal or external reporting letters.	No significant difference.

Evaluation Item	Implementation Status			Discrepancy from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
(2) Does the Company establish standard operating procedures for investigating cases reported, follow-up measures to be adopted after investigation, and related confidentiality mechanisms?	√		The Company has clearly defined the investigation procedures for handling reported incidents, as well as the subsequent actions to be taken after the investigation is completed. Additionally, the Company has implemented relevant confidentiality mechanisms to ensure the confidentiality of the reported information and protect the rights and privacy of those involved in the investigation.	No significant difference.
(3) Does the Company adopt measures to protect whistleblowers?	√		The Company provides comprehensive protection measures to whistleblowers and ensures that they will not face any improper treatment as a result of their whistleblowing.	No significant difference.
4. Strengthening information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company website and MOPS?	√		The Company has announced the "Ethical Corporate Management Best Practice Principles" on the Company website. Investors can also find those principles in the "Corporate Governance" section of the MOPS. The Company has also disclosed relevant information on the company website, so as the annual report regarding the implementation of ethical management.	No significant difference.
5. If the Company has formulated its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", please describe the implementation and its discrepancies with the principles: The Company has established the "Ethical Corporate Management Best Practice Principles" based on the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies", there is no significant difference between the Company's implementation practice of the principles and the latter's requirements.				
6. Other important information to facilitate a better understanding of the Company's ethical corporate management practices (e.g., reviews and amends its Ethical Corporate Management Best Practice Principles): (1) The Company has amended the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct" on September 3, 2021, to specifically regulate the matters that the Company's personnel should pay attention to when performing business. (2) The Company has established the regulations such as "Procedures for prohibition of insider trading regulations", "Procedures for Handling Material Inside Information", "Insider Equity Change Management Operational Procedure", "Codes of Ethical Conduct for the Directors and Managerial Officers" and "Codes of Ethical Conduct for Employees", which clearly stipulate that the Directors, Independent Directors, Managerial Officers and employees shall do their best to the care and loyalty of prudent administrator, and uphold the principle of honesty and credibility to perform their business. They shall also sign a confidentiality agreement with the Company, and shall not leak important internal information to outsiders. (3) The Company has stipulated the "Rules of Procedure for Board of Directors Meeting", which clearly stipulates the recusal mechanism for conflict-interested Directors.				

3.4.7 Company Who Has Stipulated the Corporate Governance Best-Practice Principles and related Regulations, Shall Disclose its Search Method.
The Company has stipulated the corporate Governance related rules and regulations, and disclosed it on the "Rules and Regulations Related to Corporate Governance" column under the "Corporate Governance" section on MOPS. These rules and regulations are also disclosed and available for download on the company website. (<https://www.ycinox.com/tw>)

3.4.8 Other Important Information to Facilitate a Better Understanding of the Implementation of Corporate Governance at the Company:
Please refer to Page 19.

3.4.9 Implementation Status of Internal Control System

A. Statement on Internal Control System

YC INOX Co., Ltd. Statement of Internal Control System Date: March 8, 2024 According to the results of our self-evaluation, the Company shall make the following statements on our internal control system in 2023: I. The Company's Board of Directors and management are responsible for establishing, implementing, and maintaining adequate internal control system. The objectives of this system are to provide reasonable assurance over the effectiveness and efficiency of operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of reporting and compliance with applicable rulings, laws, and regulations. II. An internal control system has inherent constraints. No matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the abovementioned objectives. In addition, the effectiveness of the internal control system may change with the environment and under different situations. Nevertheless, the Company's internal control systems contain self-monitoring mechanisms, thereby allowing the Company to take immediate remedial actions in response to any identified deficiencies. III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component includes a number of items. Refer to the Regulations for more information on the abovementioned items. IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations. V. Based on the findings of such evaluation, the Company believes that, as of December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations. VI. The Statement shall become the main content of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act. VII. The Statement was passed by the Board of Directors on March 8, 2024, with none of the eleven attending directors expressing dissenting opinions, and the remainder all approved the content of this Statement. YC INOX Co., Ltd. Chairman: Chang, Chin-Yu CEO: Chang, Chin-Yu

B. Company who has entrusted CPAs to review the company's internal control system, the CPA review report should be disclosed: Not applicable.

3.4.10 Specify the Content, Major Deficiencies and Status of Improvements Made on Penalties Imposed on the Company and Its Internal Staff or Penalties Imposed on Its Internal Staff by the Company for Violation of Internal Control Regulations, where Such Penalties May Have Significant Impact on Shareholders' Rights or Securities Price, in the Most Recent Year up to the Publication Date of this Annual Report: None

3.4.11 Material Resolutions Adopted by the Shareholders' Meeting and the Board of Directors in the Most Recent Year up to the Publication Date of this Annual Report:

A. Material Resolutions of the Shareholders' Meeting in 2023:

Date of Meeting	Material Resolutions	Implementation Status
June 16, 2023	1. Adoption of the 2022 Business Report and Financial Statements. 2. Adoption of the proposal of 2022 earnings distribution. 3. Amendment of Rules of Procedure of Shareholders' Meeting Articles of Incorporation.	Implementation in accordance with resolutions. ✧Earnings distribution: In the Board Meeting on June 16, 2023, the Board of Directors had resolved that the ex-dividend record date was July 26, 2023; Cash dividends were distributed on August 18, 2023, each share was entitled to receive NT\$1.49590883 cash dividend.

B. Material Resolutions of the Board of Directors in 2023 up to the Publish Date of the Annual Report:

Date of Meeting	Material Resolutions
January 17, 2022	1. The capital injection to YC INOX TR Celik Sanayi ve Ticaret A.S. 2. New stock issuance for capital increase converted from 3rd domestic unsecured convertible corporate bonds. 3. The independence evaluation of the certified public accountants. 4. The appointment of CPA who are responsible for the certification of 2022 financial statements and related audit fee. 5. Amendment of Procedures for the Preparation of Financial Statements. 6. Appointment of the Directors of the 2nd session Board of Directors of YC INOX TR Celik Sanayi ve Ticaret A.S..
March 18, 2022	1. The report of internal control system self-assessment for 2021. 2. 2021 financial statements (parent company only and consolidated). 3. 2021 Business report. 4. 2021 Employees' profit sharing and directors' compensation. 5. 2021 Earnings Distribution. 6. Amendment of Procedures of Acquisition or Disposal of Assets. 7. Amendment of Articles of Incorporation. 8. Amendment of Corporate Governance Best Practice Principles. 9. 2022 General Shareholders' Meetings affairs.
May 6, 2022	1. 2022Q1 consolidated financial statements. 2. New stock issuance for capital increase converted from 3rd domestic unsecured convertible corporate bonds. 3. Lending funds to subsidiary. 4. Stipulation of the Sustainable Development Best Practice Principles. 5. Stipulation of the Sustainability Committee Charter. 6. Stipulation of the Risk Management Policies and Procedures. 7. Amendment of Procedures for Computer Operation Safety Management
June 16, 2022	1. The capital injection to YC INOX TR Celik Sanayi ve Ticaret A.S. 2. The change of the Chief Internal Auditor. 3. Adoption of the 2021 earnings distribution ex-dividend record date and related matters.
August 5, 2022	1. 2022Q2 consolidated financial statements. 2. New stock issuance for capital increase converted from 3rd domestic unsecured convertible corporate bonds.
November 4, 2022	1. 2022Q3 consolidated financial statements. 2. New stock issuance for capital increase converted from 3rd domestic unsecured convertible corporate bonds. 3. Company-wide Employee Salary Adjustments. 4. Amendment of Payroll Policy. 5. Fixed monthly salary adjustments for all managerial officers and the Chairman (who also concurrently served as the CEO). 6. Amendment of Rules of Procedure for Board of Directors Meeting. 7. Amendment of Procedures for prohibition of insider trading regulations.

Date of Meeting	Material Resolutions
	8. Stipulation of Procedures for Handling Material Inside Information. 9. Stipulation of Procedures for the Preparation and Verification of Sustainability Reports. 10. Development of the Greenhouse Gas Management Strategy, Reduction Targets, and Plan.
November 25, 2022	1. The capital injection to YC INOX TR Celik Sanayi ve Ticaret A.S. 2. Participating in the cash capital increase of Gongwin Biopharm Holdings Co., Ltd.
December 23, 2022	1. Update of the 2022 budget. 2. 2023 business plan. 3. 2023 annual budget. 4. 2022 Internal audit plan. 5. Amendment of the Internal Control Systems. 6. Amendment of the Procedures of Internal Audit Implementation. 7. Amendment of the Accounting System. 8. Renewal of providing financing endorsement guarantee for subsidiaries. 9. Stipulation of Sustainability Policy. 10. Stipulation of Supplier Management Policy. 11. Stipulation of Human Rights Policy. 12. Stipulation of Policies and Regulations of Salary and Compensation.
March 10, 2023	1. The report of internal control system self-assessment for 2022. 2. 2022 financial statements (parent company only and consolidated). 3. 2022 Business report. 4. The independence evaluation of the certified public accountants 5. The appointment of CPA who are responsible for the certification of 2023 financial statements and related audit fee. 6. 2022 Employees' profit sharing and directors' compensation. 7. 2022 Earnings Distribution. 8. Amendment of Procedures for transactions between related parties, specific companies and group entities. 9. Amendment of Rules of Procedure for Board of Directors Meeting. 10. Amendment of Rules of Procedure for Shareholder' Meeting. 11. 2023 General Shareholders' Meetings affairs.
May 5, 2023	1. 2023Q1 consolidated financial statements. 2. New stock issuance for capital increase converted from 3rd domestic unsecured convertible corporate bonds. 3. the capital injection to YC INOX TR Celik Sanayi ve Ticaret A.S. 4. lending funds to subsidiary. 5. Amendment of Corporate Governance Best Practice Principles. 6. Amendment of Sustainable Development Best Practice Principles. 7. Climate-related financial disclosure information. 8. Greenhouse gas management strategy, reduction targets, and plans.
June 16, 2023	1. Adoption of the 2022 earnings distribution ex-dividend record date and related matters.
Aug 4, 2023	1. 2023Q2 consolidated financial statements. 2. Amendment of "Information Security Manual". 3. Amendment of "Procedures for Computer Operation Safety Management". 4. 2022 Sustainability Report Issuance Proposal.
Sep 1, 2023	1. Purchase of land for employee-exclusive parking space at the Shijou Mill.
Nov 10, 2023	1. 2023Q3 consolidated financial statements. 2. New stock issuance for capital increase converted from 3rd domestic unsecured convertible corporate bonds. 3. Donation to the "Changhua County Sports Development Fund." 4. Amendment of Rules of Procedure for Shareholders' Meeting.
Dec 29, 2023	1. Update of the 2023 budget. 2. 2024 business plan. 3. 2024 annual budget. 4. 2024 Internal audit plan. 5. Amendment of the Internal Control Systems. 6. Amendment of the Procedures of Internal Audit Implementation. 7. Amendment of the Accounting System. 8. Company-wide Employee Salary Adjustments. 9. Amendment of Payroll Policy. 10. Fixed monthly salary adjustments for all managerial officers. 11. Appointment of the Directors of the 3rd session Board of Directors of YC INOX TR Celik Sanayi ve Ticaret A.S..

Date of Meeting	Material Resolutions
Mar 8, 2024	1. The report of internal control system self-assessment for 2023. 2. 2023 financial statements (parent company only and consolidated). 3. 2023 Business report. 4. 2023 directors' compensation and employees' profit sharing. 5. Amendment of Regulations for the Compensation of Directors and their Concurrently-Serving Functional Committees. 6. Amendment of Regulations for Subsidiary Management. 7. Review of YC INOX TR's Policies and Regulations of Salary and Compensation. 8. YC INOX TR's change in general manager. 9. Compensation plan for managerial officers of the Company and YC INOX TR(vice general manager and above). 10. Compensation plan for Directors of YC INOX TR. 11. The independence evaluation of the certified public accountants 12. The appointment of CPA who are responsible for the certification of 2024 financial statements and related audit fee. 13. New stock issuance for capital increase converted from 3rd domestic unsecured convertible corporate bonds. 14. Amendment of Audit Committee Charter. 15. Amendment of Rules of Procedure for Board of Directors Meeting. 16. Amendment of Procedures for Management of Insider's Shareholding Transaction. 17. Amendment of Procedures for the Preparation and Verification of Sustainability Reports. 18. Amendment of Factory Working Rules. 19. 2023 Earnings Distribution. 20. Cash dividends distributed from capital surplus. 21. The Election of Board of Directors. 22. Acceptance of Shareholder Proposals and Nominations for Director (including Independent Director) Candidates. 23. Nomination and Review of Director (including Independent Director) Candidates. 24. Adoption of the lifting of non-competition restrictions for newly-elected directors. 25. 2023 General Shareholders' Meetings affairs.
May 6, 2024	1. 2024Q1 consolidated financial statements. 2. New stock issuance for capital increase converted from 3rd domestic unsecured convertible corporate bonds. 3. the capital injection to YC INOX TR Celik Sanayi ve Ticaret A.S. 4. lending funds to subsidiary. 5. Amendment of Sustainability Committee Charter. 6. Climate-related Financial Disclosure Information. 7. Greenhouse Gas Management Strategy, Reduction Targets, and Plans. 8. Resignation of Mr. Kuo, Yuan-Chen, a third-term Director of YC INOX TR, and Appointment of the Successor.

C. Resolution results: Above proposals were unanimously adopted by all attending Directors.

D. Execution status: All proposals were executed in accordance with the resolutions.

3.4.12 Dissenting Opinions or Qualified Opinions on Resolutions Passed by the Board of Directors Which Are Made by Directors and are Documented or Issued through Written Statements in the Most Recent Year up to the Publication Date of This Annual Report: None

3.4.13 Summary of Resignation and Dismissal of Chairman, CEO, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Chief Corporate Governance Officer and Chief R&D Officer, etc. in the Most Recent Year up to the Publication Date of this Annual Report: None.

3.5 Information of CPA Fees

3.5.1 Information of CPA Fees

Unit: NT\$ thousands

CPA Firm	CPA	Audit Period	Audit Fee	Non-Audit Fee	Total	Remark
Deloitte & Touche	Tseng, Done-Yuin	2023.01.01~2023.12.31	3,700	30 (Note)	3,730	—
	Chiang, Shu-Chin					

Note: The non-audit fees for engaging Deloitte & Touche to handle the capital verification and verification report.

1. If the Company replaces the CPA firm and the audit fees paid to the new CPA firm in the most recent year are lower than the audit fees in the preceding year, the amounts of the audit fees before and after the replacement and the replacement reason shall be disclosed: Not Applicable.
2. If audit fees have decreased by 10% or more in comparison to the preceding year, the decreased amount, decreased percentage and decreasing reason shall be disclosed: Not Applicable.

3.6 Replacement of Certified Public Accountants: In 2023, the Company did not change the CPAs.

3.7 Information on the Company's Chairman, CEO or Managerial Officers Who Are Responsible for Accounting Matters Having Served in a CPA Firm or Its Affiliates in the Most Recent Year: None.

3.8 Status of Changes in Shareholding Transfer or Shareholding Pledge of Directors, Managerial Officers and Major Shareholders Who Hold 10% or More Of the Company's Issued Shares:

3.8.1 Changes in shareholding of Directors, Managerial Officers and major shareholders:

Unit: Shares

Title	Name	2023		As of April 19, 2024	
		Net increase (decrease) in numbers of shares held	Net increase (decrease) in numbers of shares pledged	Net increase (decrease) in numbers of shares held	Net increase (decrease) in numbers of shares pledged
Chairman / CEO	Chang, Chin-Yu	14,732,142	—	—	—
Major shareholder (Juristic Director)	Tai Chyang Investment Co., Ltd	—	—	—	—
Director (Representative) / Deputy General Manager of Domestic Sales Department-Southern Region	Representative of Tai Chyang Investment Co., Ltd: Chang, Chin-Peng	—	8,000,000	—	—
Major shareholder (Juristic Director)	Chin Ying Fa Mechanical Ind. Co., Ltd.	—	—	—	—
Director (Representative)	Representative of Chin Ying Fa Mechanical Ind Co., Ltd: Shih, Ya-Hui (Note 1)	—	—	—	—
Director	Hsieh, Ming-Hong	—	—	—	—
Director	Chang, Po-Kai	4,464,285	—	—	—
Independent Director	Pan, Cheng-Hsiung	—	—	—	—
Independent Director	Chen, Tai-Shan	—	—	—	—
Independent Director	Kuo, Chao-Sung	—	—	—	—
Independent Director	Chang, Wei-Lun	—	—	20,000	—
Deputy General Manager of Finance Department/ Chief Financial Officer	Chan, Lieh-Lin	(450,000)	—	—	—
Senior Manager of Accounting Division/ Chief Corporate Governance Officer	Li, Wei-Li	(30,000)	—	—	—
Senior Manager of Administration Department	Chen, Ping-Hsun	(80,552)	—	—	—
Senior Manager of International Sales Department Pipe & Tube	Yen, Ching-Fang	(108,000)	—	—	—
Senior Manager of Domestic Sales Department	Chang, Shu-Ying	—	3,000,000	—	—
Senior Manager of Domestic Sales Department-Northern Region	Cheng, Chih-Hsien	—	—	—	—
Senior Manager of Production Department	Wang, Chuan-Ming	—	—	—	—
Plant Manager of Douliou Mill I (Senior Manager)	Chang, Han-Chou	—	—	—	—
Senior Manager of Engineering Department	Tsai, Tzu-Hsing	(20,000)	—	—	—
Senior Manager of Production Planning Department	Hsu, Chin-Chang	—	—	—	—
Manager of Accounting Division/ Chief Accounting Officer	Chang, Jung-Wei	—	—	—	—
Assistant Manager of Internal Audit Office/Chief Internal Auditor	Chiang, Hsing-Wei	—	—	—	—
Senior Manager of Information Technology Office	Shen, Chun-Chi	—	—	—	—

Note 1: Ms. Shih, Ya-Hui was appointed as the representative of Chin Ying Fa Mechanical Ind Co., Ltd. on Dec 21, 2023.

3.8.2 Shareholding Transfer from/to Related Parties: None.

3.8.3 Shareholding Pledge to Related Parties: None.

3.9 Relationship Information Between the 10 Largest Shareholders in Terms of Shareholding Ratio

As of April 19, 2024; Unit: Shares

Name	Current Shareholdings		Spouse and Minors Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within the Second Degree of Relationship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Tai-Chyang Investment Co., Ltd.	61,209,508	13.02%	–	–	–	–	NA	NA	–
Chang, Chin-Yu (Representative of Tai-Chyang Investment Co., Ltd.)	20,761,774	4.42%	–	–	–	–	Chang, Chin-Peng	Brother	–
							Chang, Shu-Ying	Sister	
							Chang, Po-Kai	Son	
Chang, Chin-Peng	26,030,000	5.54%	–	–	–	–	Chang, Chin-Yu	Brother	–
							Chang, Shu-Ying	Sister	
Chang, Chin-Yu	20,761,774	4.42%	–	–	–	–	Chang, Chin-Peng	Brother	–
							Chang, Shu-Ying	Sister	
							Chang, Po-Kai	Son	
Chang, Shu-Ying	12,030,000	2.56%	–	–	–	–	Chang, Chin-Yu	Brother	–
							Chang, Chin-Peng	Brother	
Chin Ying Fa Mechanical Ind. Co., Ltd.	6,898,000	1.47%	–	–	–	–	NA	NA	–
Shih, Yu-Lung (Representative of Chin Ying Fa Mechanical Ind. Co., Ltd.)	3,589,060	0.76%	–	–	–	–	Shih, Yung-Che	Brother	–
Chang, Po-Kai	6,834,549	1.45%	–	–	–	–	Chang, Chin-Yu	Father	–
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	5,104,800	1.09%	–	–	–	–	NA	NA	–
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	4,978,055	1.06%	–	–	–	–	NA	NA	–
Hsieh, Tien-Shang	4,159,228	0.88%	–	–	–	–	NA	NA	–
Shih, Yung-Che	4,029,000	0.86%	30,000	0.01%	–	–	Shih, Yu-Lung	Brother	–

3.10 The Ownership of same investees held by the Company, its directors and managerial officers, and entities which directly or indirectly controlled by the Company, with the aggregate ownership

As of April 19, 2024; Unit: shares

Affiliated Companies (Note 1)	Ownership by the Company		Ownership by Directors, Managerial Officers, and Directly/Indirectly Controlled Entities		Total Ownership	
	Shares	%	Shares	%	Shares	%
Ji-Mao Investment Co., Ltd.	10,000,000	100%	—	—	10,000,000	100%
YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	3,900 (Note 2)	100%	—	—	3,900 (Note 2)	100%

Note 1: Equity method adopted.

Note 2: TRY 1,000 thousand per share, 3,900 shares in total.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Sources of Capital

Year/Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount (NTD)	Number of Shares	Amount (NTD)	Source of Capital	Capital Increase by Assets Other than Cash	Others
2023.05	10	660,000,000	6,600,000,000	447,426,545	4,474,265,450	Corporate Bond Conversion 20,465,960	—	Note 1
2023.12	10	660,000,000	6,600,000,000	447,578,329	4,475,783,290	Corporate Bond Conversion 1,517,840	—	Note 2
2024.03	10	660,000,000	6,600,000,000	470,002,421	4,700,024,210	Corporate Bond Conversion 22,424,092	—	Note 3
2024.04	10	660,000,000	6,600,000,000	470,225,633	4,702,256,330	Corporate Bond Conversion 223,212	—	Note 4

Note 1: Approved by the letter of Jing-Shou-Shang-Zi No. 11230086980 of the Ministry of Economic Affairs dated May 29, 2023.

Note 2: Approved by the letter of Jing-Shou-Shang-Zi No. 11230226710 of the Ministry of Economic Affairs dated December 06, 2023.

Note 3: Approved by the letter of Jing-Shou-Shang-Zi No. 11330048840 of the Ministry of Economic Affairs dated March 29, 2024.

Note 4: As of April 19, 2024, the conversion registration has not been applied to the Ministry of Economic Affairs.

As of April 19, 2024; Unit: shares

Share Type	Authorized Capital			Remarks
	Issued Shares (public listed)	Unissued Shares	Total Shares	
Common Share	470,225,633	189,774,367	660,000,000	—

4.1.2 Shareholder Structure

As of April 19, 2024

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Individuals	Foreign Institutions & Individuals	Total
Number of Shareholders	1	6	66	42,481	145	42,699
Shareholding (shares)	200	3,888,886	76,985,813	355,339,254	34,011,480	470,225,633
Percentage	—	0.83%	16.37%	75.57%	7.23%	100.00%

4.1.3 Distribution of Equity Ownership

As of April 19, 2024

Interval of Shares Held	Number of Shareholders	Total Shares Held	Shareholding Percentage
1 ~ 999	7,268	1,906,638	0.41 %
1,000 ~ 5,000	25,824	55,355,890	11.77 %
5,001 ~ 10,000	4,915	38,294,642	8.14 %
10,001 ~ 15,000	1,686	21,150,148	4.50 %
15,001 ~ 20,000	948	17,329,751	3.69 %
20,001 ~ 30,000	804	20,180,700	4.29 %
30,001 ~ 40,000	340	12,036,784	2.56 %
40,001 ~ 50,000	223	10,286,322	2.19 %
50,001 ~ 100,000	411	28,886,516	6.14 %
100,001 ~ 200,000	140	19,190,840	4.08 %
200,001 ~ 400,000	69	19,003,085	4.04 %
400,001 ~ 600,000	22	10,548,001	2.24 %
600,001 ~ 800,000	6	3,937,267	0.84 %
800,001 ~ 1,000,000	4	3,405,618	0.72 %
Over 1,000,001	39	208,713,431	44.39 %
Total	42,699	470,225,633	100.00 %

4.1.4 List of Major Shareholders

As of April 19, 2024

Shareholder's Name	Shareholding	
	Shares	Percentage
Tai-Chyang Investment Co., Ltd.	61,209,508	13.02%
Chang, Chin-Peng	26,030,000	5.54%
Chang, Chin-Yu	20,761,774	4.42%
Chang, Shu-Ying	12,030,000	2.56%
Chin Ying Fa Mechanical Ind. Co., LTD.	6,898,000	1.47%
Chang, Po-Kai	6,834,549	1.45%
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	5,104,800	1.09%
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	4,978,055	1.06%
Hsieh, Tien-Shang	4,159,228	0.88%
Shih, Yung-Che	4,029,000	0.86%

4.1.5 Market Price, Net Worth, Earnings, Dividends Per Share and Other Relevant Information for the Most Recent Two Years

Unit: NT\$

Item\Year	2022	2023	As of March 31, 2024
Market Price per Share (Note 1)			
Highest	38.25	31.50	27.35
Lowest	25.00	25.90	24.50
Average	29.95	28.36	25.61
Net Worth per Share (Note2)			
Before Distribution	23.39	20.00	20.29
After Distribution	21.89	Undistributed	—
Earnings per Share			
Weighted Average Shares	445,190,241	447,983,177	470,222,984
Earnings Per Share (Note 3)	1.16	(0.38)	0.10
Dividends per Share			
Cash Dividends	1.49590883	1.00 (Note 8)	—
Stock Dividends			
✧ Dividends from Retained Earnings	—	—	—
✧ Dividends from Capital Surplus	—	—	—
Accumulated Unpaid Dividends (Note 4)	—	—	—
Return on Investment			
Price / Earnings Ratio (Note 5)	25.81	(74.63)	—
Price / Dividend Ratio (Note 6)	20.02	28.36	—
Cash Dividend Yield Rate (Note 7)	4.99 %	3.53 %	—

Note 1: Please list the market share prices, including the highest, lowest and average of common stock for the year, and the average market price should be calculated based on trading value and volume for each year.

Note 2: Please use the number of the issuing shares in the year end as the base with the distribution decision resolved at the Shareholders' Meeting in the following year.

Note 3: For retroactive adjustment made for stock dividends, both before and adjustments earnings per share should be disclosed.

Note 4: For securities issued with terms that entitle the holder to accumulate the unpaid dividend during the current year, for receiving in an earning-generating fiscal year, the accumulated unpaid amount shall also be disclosed.

Note 5: Price/earnings Ratio = Average closing price per share /Earnings per share.

Note 6: Price/dividend ratio = Average closing price per share /Cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share/Average closing price per share.

Note 8: The figures for 2023 were proposed by the Board of Directors, to be final approved by the shareholders in the Shareholders' Meeting.

4.1.6 Dividend Policy and Implementation

A. Dividend Policy

In case the Company results profits in a fiscal year, after tax is paid in accordance with laws and deficits is offset, the Company shall reserve 10% legal reserve of the remaining earnings. However, such reservation may no longer need to be made once the amount of accumulated legal reserve has reached the amount of paid-in capital of the Company. The remaining earnings shall be reserved as special reserves or the special reserves shall reverse as an add-on to remaining earnings in accordance with applicable laws. In case there are still remaining amounts of earnings, the Board of Directors may draft a proposal of earnings distribution to distribute such earnings (together with the retained earnings available) as dividends for submitting to the Shareholders' Meeting for resolution.

The dividend policy of the Company shall be consistent with its current and future development plans, investment environment, capital needs, domestic and overseas competition and the interests of shareholders. The Company may annually distribute more than fifty percent of retained earnings available as dividends. In case dividend per share is less than NT\$0.5, it may be retained for not distributing in the current year. The company is in a traditional industry and its operation has reached maturity and stability, therefore its dividends shall be preferentially distributed by way of cash dividend, however, it may also be distributed by way of share dividend, provided that the part of cash dividend shall not be less than 20%.

When distributing dividend, the Company may consider its financial situation, business and operational factors to determine the distribution of part or all of the surplus in accordance with applicable laws or regulations of competent authority.

B. Distribution of dividend of current year

The proposal of 2023 earnings distribution has been adopted by the first Board of Directors meeting in 2024 and will be submitted to the annual general shareholders' meeting for approval. It is proposed to distribute cash dividend of NT\$470,002,421, NT\$1.0 per share. In the event that the conversion of convertible corporate bonds into ordinary shares or other reasons affects the number of outstanding shares, resulting in a change in the distribution rate, the Chairman has been authorized to adjust related matters.

4.1.7 Impact on Business Performance and EPS Due to Stock Dividend Distribution Proposed in the Current Shareholders' Meeting: N/A.

4.1.8 Employees' Profit Sharing and Directors' Compensation

A. Percentage or range of Employees' Profit Sharing and Directors' Compensation as stipulated in the Company's Articles of Incorporation:

In case the Company results profits for the year, it shall reserve 2% to 6% of profits as employees' profit sharing, and the Board of Directors shall determine said profits be distributed by way of share or cash, which can also be distributed to employees of affiliations who meet certain conditions; Board of Directors may also adopt a resolution to reserve up to 2% of said profits as Directors' compensation. The resolution of distribution of employees' profit sharing and directors' compensation shall be reported to the Shareholders' Meeting. In case the Company still has accumulated losses, a certain amount of the earnings corresponding to accumulated losses shall be retained, then the employees' profit sharing and directors' compensation shall be reserved by the percentage specified in the preceding paragraph.

B. Basis for estimating the amount of Employees' Profit Sharing and Directors' Compensation, and accounting treatment for discrepancies between the actual and estimated distributed amount for the period:

The basis for the Company to estimate the amount of employees' profit sharing and directors' compensation is to calculate by multiplying the income before income tax before the deduction of the employees' profit sharing and directors' compensation amounts for the current year, with the ratio stipulated in the Company's Articles of Incorporation.

If the Board of Directors resolves to distribute employees' profit sharing by way of share, thus the number of shares shall be calculated based on the profit sharing amount divided by the closing market price on the day before the Board of Directors resolution.

The estimated employees' profit sharing and directors' compensation amounts is recognized as expenses in the current year. If there is a significant difference in the adopted amount made by the Board of Directors resolution in the following year, the profit and loss difference will be adjusted to the financial statements in the next year as part of accounting estimate changes.

The relevant information regarding employees' profit sharing and directors' compensation could be inquired from the MOPS platform of the TWSE.

C. Information on proposal of employees' profit sharing and directors' compensation approved by the Board of Directors:

1. The date of the resolution: March 8, 2024.
2. The type of remuneration and amount: Due to a loss in the fiscal year 2023, the Company shall not allocate employees' profit sharing and directors' compensation in accordance with the Articles of Incorporation.
3. Distribution of employees' profit sharing by way of share, its amount to net income of the current year of the parent company only/consolidated financial statements, and to the total amount of employees' profit sharing: N/A.

D. Actual figures of distribution of employees' profit sharing and directors' compensation in the preceding year (including the number of shares, amounts, and market price); the difference between the recognized employees' profit sharing and directors' compensation amounts and the actual distributed amounts, and its difference reason, and other matters:

The actual distributed amounts of 2022 employees' profit sharing and directors' compensation paid in cash adopted by the 2023 shareholders' meeting were NT\$30,000,000 and NT\$13,000,000, respectively. The actual distributed amounts had no difference from the estimated figures.

4.1.9 Buyback of Treasury Shares: None.

4.2 Issuance of Corporate Bonds

4.2.1 Issuance of Corporate Bonds

Type of Corporate Bond		The 3 rd domestic unsecured convertible corporate bonds
Date of Issuance		December 15, 2020
Face Value per Bond		NT\$100,000
Place of Issue and Trading		N/A
Issue Price		At 100% of par value
Total Amount Issued		NT\$1,000,000,000.
Coupon Rate		0%
Issuance Period		Five Years; Maturity Date: December 15, 2025
Guarantee Agency		N/A
Trustee		Bank SinoPac Co., Ltd.
Underwriting Institute		SinoPac Securities Corporation
Certifying Lawyer		Far East Law Offices, Chiu, Ya-Wen
CPAs		Deloitte & Touche, Tseng, Done-Yuin; Chiang, Shu-Chin
Methods of Redemption		Except convert, sellback and redeem the convertible corporate bonds in accordance with the Rules, the Company shall make the redemption payment by cash at par value upon maturity.
Outstanding Principal Balance		NT\$ 227,400,000 (As of April 19, 2024)
Clauses of Redemption or Advance Repayment		Refer to the issuance and conversion rules for details.
Restrictive Clause		None
Name of Credit Rating Agency, Rating Date, Rating Result of Corporate Bonds		N/A
Other Rights Attached	As of the Printing Date of this Annual Report, Amount of Converted (Exchanged or Subscribed) Ordinary Shares, GDRs or Other Securities Converted	NT\$ 772,600,000 (As of April 19, 2024)
	Issuance and Conversion (Exchanged or Subscribed) Method	Refer to the issuance and conversion rules for details.
Procedure for Issuance, Conversion, Exchange or Subscription, Its Effect on Equity Dilution and to Existing Shareholders' Equity		Before the bondholders exercise the conversion, the corporate bonds do not dilute the Company's equity. Bondholders most likely will exercise the right of conversion at the appropriate time, such timing of request for conversion will be various, which will delay the dilution effect on earnings per share. For existing shareholders' equity, although the issuance of convertible corporate bonds will slightly increase the Company's liabilities before the corporate bonds are converted, however, when converting convertible corporate bonds into ordinary shares, in addition to reducing liabilities, it can also increase shareholders' equity. In the long run, the impact on existing shareholders' equity is not profound.
Transfer Agent		None

4.2.2 Information of Convertible Corporate Bonds

Unit: NT\$

Type of Corporate Bonds		The 3 rd domestic unsecured convertible corporate bonds				
Item		Year				
		2020	2021	2022	2023	For the most recent year as of April 19, 2024
Market price of convertible bonds	Highest	129.00	180.00	151.00	132.00	121.20
	Lowest	110.00	117.00	112.15	114.35	113.05
	Average	121.06	138.25	136.03	129.21	115.24
Conversion Price		26.0	25.0 Effective Date: Oct 11,2021	23.6 Effective Date: Jul 25,2022	22.4 Effective Date: Jul 26,2023	22.4
Date of issuance and conversion price at issuance		Date of issuance: December 15, 2020 Conversion price at issuance: NT\$26.5				
Conditions for conversion		New shares				

4.3 Issuance of Preferred Shares: None.

4.4 Issuance of Global Depository Receipts: None.

4.5 Issuance of Employee Stock Warrants: None.

4.6 Issuance of New Restricted Employee Shares: None.

4.7 Issuance of New Shares for Merger or Acquisition of Other Companies: None.

4.8 Implementation of Capital Utilization Plan

4.8.1 As of the most recent quarter up to the publication date of this annual report, previous issued or private placement of securities has not been completed in the last three years and the planned benefits have not yet appeared: None.

4.8.2 For the purpose of each plan in the preceding paragraph, the analysis of implement of each plan as of the most recent quarter up to the publication date of this annual report, and its implementation and comparison with the original expected benefits: N/A.

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

A. Main Business Scope of YC INOX

The Company's primary business is manufacturing and distribution of stainless steel products, which can be categorized as follows:

1. Stainless steel welded pipe;
2. Stainless steel welded tube;
3. Stainless steel sheet, plate and coil;
4. Stainless steel flat bar, angle and U channel;
5. Stainless steel bending and slitting;
6. Distribution of seamless stainless steel pipe.

B. Revenue Breakdown:

Unit: NT\$ thousands

Main product \ Year	2023		2022	
	Sales Amount	%	Sales Amount	%
Stainless Steel Pipe/Tube	8,670,413	56.9	9,574,442	56.9
Stainless Steel Sheet/Coil	6,293,806	41.3	6,977,299	41.4
Other Stainless Steel Products and Other Operating Revenue	267,958	1.8	288,574	1.7
Total	15,232,177	100.0	16,840,315	100.0

C. New Products (Services) Planned for Development:

1. Capacity enhancement for large-diameter welded pipe.
2. Development and implementation of automated pickling line.
3. Development and implementation of automated warehousing and handling systems.

5.1.2 Industry overview:

A. Current situation of the industry and its future development:

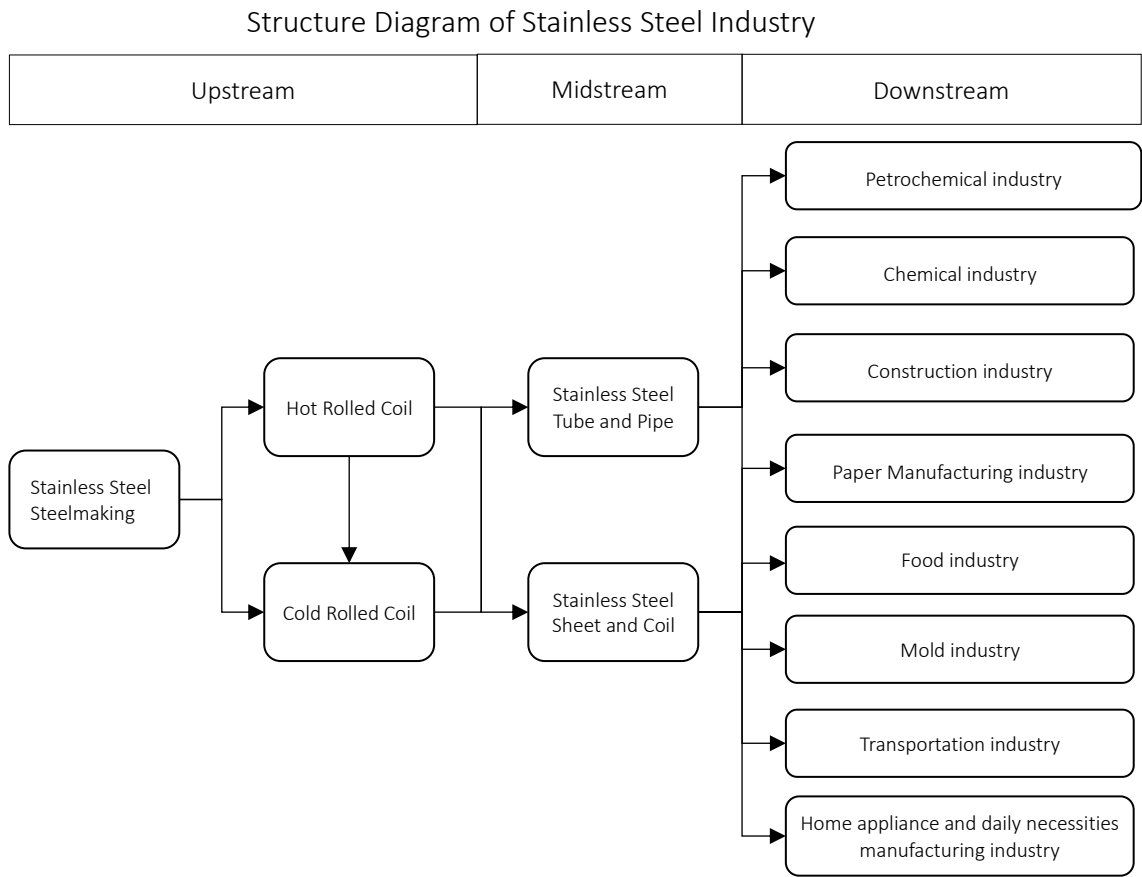
The Company is engaged in stainless steel pipe and tube, stainless steel angle, flat bar, U channel manufacturing and processing, and provides stainless steel coil(sheet) slitting and processing services. The Company belongs to the secondary stainless steel processing industry of the steel industry.

Stainless steel is a type of special steel known for its aesthetic appeal, corrosion resistance, and oxidation resistance. It is often preferred when industrial products require specific strength, corrosion resistance, and workability. Therefore, stainless steel is widely used in various fields ranging from everyday items to aerospace technology and nuclear power engineering. Its applications are extensive.

Although the demand for stainless steel products fluctuates with the overall global economy, its production should be relatively restrained due to limited nickel supply. While the industry may be affected by the challenges of significant increases in raw material nickel prices, the decline is expected to be moderate. Additionally, stainless steel possesses characteristics such as oxidation resistance, corrosion resistance, and recyclability, which contribute to a growing trend of replacing carbon steel. Therefore, the stainless steel industry is expected to remain stable and show a positive trend in the future.

B. Relevance between the upstream, midstream, and downstream sectors in the industry:

The Company operates in the midstream sector of the stainless steel industry. The upstream sector engages in the production of raw steel, cold-rolled and hot-rolled steel coil. Our primary operations involve the welding and processing of cold-rolled and hot-rolled steel coil into steel pipe and tube, as well as services such as polishing, slitting, and shearing of stainless steel sheet and plate. Given the extensive range of applications for stainless steel products and its indispensability in various industries, our downstream sector encompasses industries such as petrochemicals, construction, food, and machinery.



C. Product development trends:

1. Potential to replace carbon steel and seamless stainless steel pipe and tube

The Company specializes in the manufacturing of welded stainless steel pipe and tube. We have developed and implemented Laser Beam Welding (LBW) technology, which ensures excellent welding techniques and high precision and reliability of our machinery. This allows us to maintain stable product quality, high efficiency, and low costs. Additionally, we fully conduct X-ray inspection of our welded joints, ensuring that the quality of our welded stainless steel pipe and tube is equivalent to seamless ones. While seamless stainless steel pipe and tube are still necessary for certain specific applications, welded stainless steel pipe and tube offer a price advantage over seamless ones in most cases.

2. To fulfill the diverse needs of customers

The Company has a complete and comprehensive stainless steel product line, as well as a well-established quality management system. In the future, we will focus on introducing AI (Artificial Intelligence) into our manufacturing processes, aiming to achieve greater automation and intelligence in our production line, warehousing, and logistics. This will enable us to meet customer demands for product quality, delivery time, pricing, and service.

D. Product competition:

The Company holds a leading position in the production and marketing of stainless steel pipe /tube, sheet/coil, and other stainless steel products. Our main competitors are located in Taiwan, China, Vietnam, India, and Europe. Due to our long-standing reputation and solid track record in the domestic market, coupled with continuous investments in hardware and software and the development of new products, we have a competitive advantage over our industry peers. We believe that the Company will continue to maintain a leading position in the stainless steel industry. In recent years, we have also attracted numerous skilled professionals to enhance production efficiency and product quality management. Additionally, we are planning to establish production bases overseas to serve our customers locally. With our strong presence in the domestic market, we are fully committed to expanding into international markets.

5.1.3 Research and development:

YC INOX engages in stainless steel processing industry, with a strong focus on improving processing techniques and enhancing machinery, equipment, and manufacturing processes. Research and development of product processing technologies are undertaken by our production unit, which is responsible for ensuring expertise in various process techniques. We continuously strive for excellence and aim to achieve automation goals in our processes.

A. R&D results:

Over the years, the Company has developed innovative products and technologies that have set us apart in the industry. The introduction of laser welding technology, zero-emission automated pickling lines, and automated warehousing and handling systems showcases our commitment to innovation. These advancements have not only improved product quality but have also gained recognition from customers for our environmental protection efforts.

Major project R&D achievements in 2023 were as follows:

1. Improvement in Processing efficiency:

- (1) Implementation of automated tube polishing lines.
- (2) Implementation of fiber laser beam welding processes.
- (3) Implementation of bright annealing processes.

2. Energy and Environmental Protection Technologies

- (1) Implementation of an energy management system in response to national energy policies.
- (2) Implementation of an acid recovery system to reduce waste generation.

3.The R&D Expenses in 2023 were around NT\$2.69 million.

R&D plan:

To address the challenges in the business environment and respond to changes in domestic and international market trends, the Company will continue to strengthen process improvement, cost reduction, product quality enhancement, energy conservation, environmental protection, and differentiated customer service to enhance overall competitiveness and achieve sustained growth objectives.

We will continue to develop process automation systems, laser beam welding technology, zero-emission acid pickling processes, waste reduction, and constantly improve energy management and environmental protection to enhance the Company's overall competitive advantage.

5.1.4 Long-term and Short-term Development:

The Company is firmly rooted in Taiwan while extending our business reach globally. With a foundation of excellent management and unwavering commitment to quality, we possess the most professional team. We are customer-oriented, continuously striving for excellence and improvement, and dedicated to providing the best products and services to our customers. We aim to establish deep friendships and a sense of trust with our customers, working together to create mutual value and a prosperous future.

A. Short-term development plan:

1. Strengthening process technology capabilities to enhance the competitiveness of production lines and increase the production of high-quality and high-value-added products.
2. Collaborating with process reengineering and implementing equipment upgrades to improve environmental sustainability, energy efficiency, and production efficiency.
3. Keeping abreast of market trends and adopting flexible business strategies and diversified product portfolios to enhance overall competitiveness.
4. Enhancing information security measures.
5. Initiating the operation of overseas production bases.
6. Continuously promoting sustainable development strategies and action plans, fulfilling corporate social responsibilities, and striving towards sustainable development goals.

B. Long-term development plan:

1. Establishing diversified businesses to achieve sustainable operations.
2. Expanding overseas production bases to sustain the Company's global competitiveness.
3. Fully integrating AI technology for increased automation and intelligence in production lines, as well as intelligent management of warehouses and logistics.
4. Enhancing talent development, technology transfer, and experience sharing to achieve long-term prosperity.

5.2 Market and Sales Overview

5.2.1 Market Analysis

A. Main Sales regions breakdown:

Unit: NT\$ thousands

Year Region		2021		2022		2023	
		Amount	%	Amount	%	Amount	%
Domestic		4,085,060	23.0	3,902,772	23.2	2,909,882	19.1
Exports	Asia	1,656,729	9.3	1,854,390	11.0	1,490,988	9.8
	Americas	3,550,518	20.0	3,958,968	23.5	4,241,160	27.8
	Europe*	4,730,537	26.6	3,775,747	22.4	3,958,704	26.0
	Oceania	2,866,136	16.1	2,096,742	12.5	1,868,788	12.3
	Africa	888,939	5.0	1,251,696	7.4	762,655	5.0
Total		17,777,919	100.0	16,840,315	100.0	15,232,177	100.0

*The European region includes domestic sales revenue from the Turkish subsidiary in 2023.

B. Market shares:

Based on the 2023 statistics compiled by the Taiwan Steel & Iron Industries Association, the total sales of welded stainless steel pipe/tube and stainless steel sheet/coil (including cold-rolled 300 series, 400 series and hot-rolled 300 series) of Taiwan, and the Company's sales in the past three years, are listed as follows:

Unit: Metric Ton									
Items		Quantity	Year	2021		2022		2023	
				Weight	Growth Rate (%)	Weight	Growth Rate (%)	Weight	Growth Rate (%)
Stainless Steel pipe/tube-Domestic	Total Sales Volume of TW		131,580	12.9	120,631	(8.3)	98,178	(18.6)	
	YC INOX	Sales Volume	30,731	15.6	25,018	(18.6)	20,294	(18.9)	
		%	23.4		20.7		20.7		
Stainless Steel pipe/tube-Export	Total Sales Volume of TW		132,180	10.5	106,438	(19.5)	104,245	(2.1)	
	YC INOX	Sales Volume	58,881	1.7	46,799	(20.5)	53,754	14.9	
		%	44.5		44.0		51.6		

Unit: Metric Ton								
Quantity Year Items			2021		2022		2023	
			Weight	Growth Rate (%)	Weight	Growth Rate (%)	Weight	Growth Rate (%)
Stainless Steel Plate and sheet/coil-Domestic	Total Sales Volume of TW		1,104,527	6.2	778,177	(29.5)	764,247	(1.8)
	YC INOX	Sales Volume	21,123	19.1	16,813	(20.4)	17,417	3.6
		%	1.9		2.2		2.3	
Stainless Steel Plate and sheet/coil-Export	Total Sales Volume of TW		993,609	40.5	864,118	(13.0)	679,114	(21.4)
	YC INOX	Sales Volume	72,021	(2.5)	43,569	(39.5)	41,238	(5.4)
		%	7.2		5.0		6.1	

Note: The market share analysis is only focused on the sales region of our Taiwan mills.

C. Future market supply and demand and growth potential:

Due to the corrosion resistance, high temperature resistance, and recyclable nature of stainless steel products, they are widely favored by users. With the increasing affordability of stainless steel materials, these products are extensively used in various industries. The Company will continue to prioritize excellent quality, aligning with economies of scale in production and sales to reduce production costs. Leveraging our advantages in long-standing production techniques and research and development achievements, we will create high-value-added products to differentiate ourselves in the market and maximize profits.

D. Competitive niche:

1. Extensive industry experiences

The Company is a professional manufacturer of stainless steel pipe/tube and sheet/coil. Our management team has extensive experience in the industry and possesses a high level of familiarity and expertise in the stainless steel sector, they are capable of leading the company in navigating industry and market fluctuations and formulating effective competitive strategies.

2. Excellent process technology and product quality

The Company has matured production technology and continuously strives for innovation. We place great emphasis on enhancing the technical skills of our employees. We have obtained numerous international certifications for quality, technology, and environmental safety. Our

products are widely selected and used by major domestic and international enterprises, which serves as a testament to the excellent quality of our products and the trust they have gained from users.

3. Consistent production and Institutionalized inspection mechanism

The Company continuously invests in advanced machinery and equipment to meet the growing demand for stainless steel pipe and tube both domestically and internationally. We also focus on streamlining our production line processes to enhance capacity and production efficiency. Currently, we possess the most comprehensive and sophisticated production equipment among our peers. To ensure consistent product quality and compliance with customer requirements in terms of composition and specifications, we have also procured numerous quality inspection instruments as a guarantee for our products.

4. Diversified marketing channels and raw materials sources

The Company has established a stable leadership position in the domestic market after more than 40 years of dedicated efforts. We are actively moving towards internationalization. On one hand, we diversify our sources of raw material procurement. On the other hand, we have obtained various international quality certifications, allowing us to expand our customer base to include internationally renowned clients. These strategies are aimed at mitigating business risks and ensuring a more diversified operation.

E. Favorable and unfavorable factors to long-term developments and countermeasures:

1. Favorable factors

- (1) The company possesses the most extensive expertise and experience in the industry. We offer a comprehensive range of product specifications, and our sales channels are well-established and efficient.
- (2) We have a strong track record and reputation in undertaking large-scale projects, demonstrating our wealth of experience in handling such endeavors.
- (3) We continuously upgrade our production equipment, implement process improvements, and streamline our production lines. These efforts enhance production efficiency, reduce labor burdens, and lower manufacturing costs, resulting in more competitive products.
- (4) The significant increase in production capacity among various stainless steel mills upstream ensures a stable and ample supply of materials in the future, leading to cost reductions.
- (5) We offer a diverse product portfolio that caters to the varied needs of our customers, allowing them to fulfill all their requirements with a single purchase.

2. Unfavorable factors

- (1) The fluctuation in raw material prices has widened, making it more challenging to manage inventory effectively.
- (2) There is a rising awareness among laborers, leading to a shortage of available workforce and an increase in labor costs.
- (3) Intense competition among small and medium-sized domestic manufacturers has given customers more room for negotiation, impacting our product pricing and reducing the expected profit margin.
- (4) Sharp fluctuations in exchange rates make it difficult to determine pricing for export sales.

3. Countermeasures

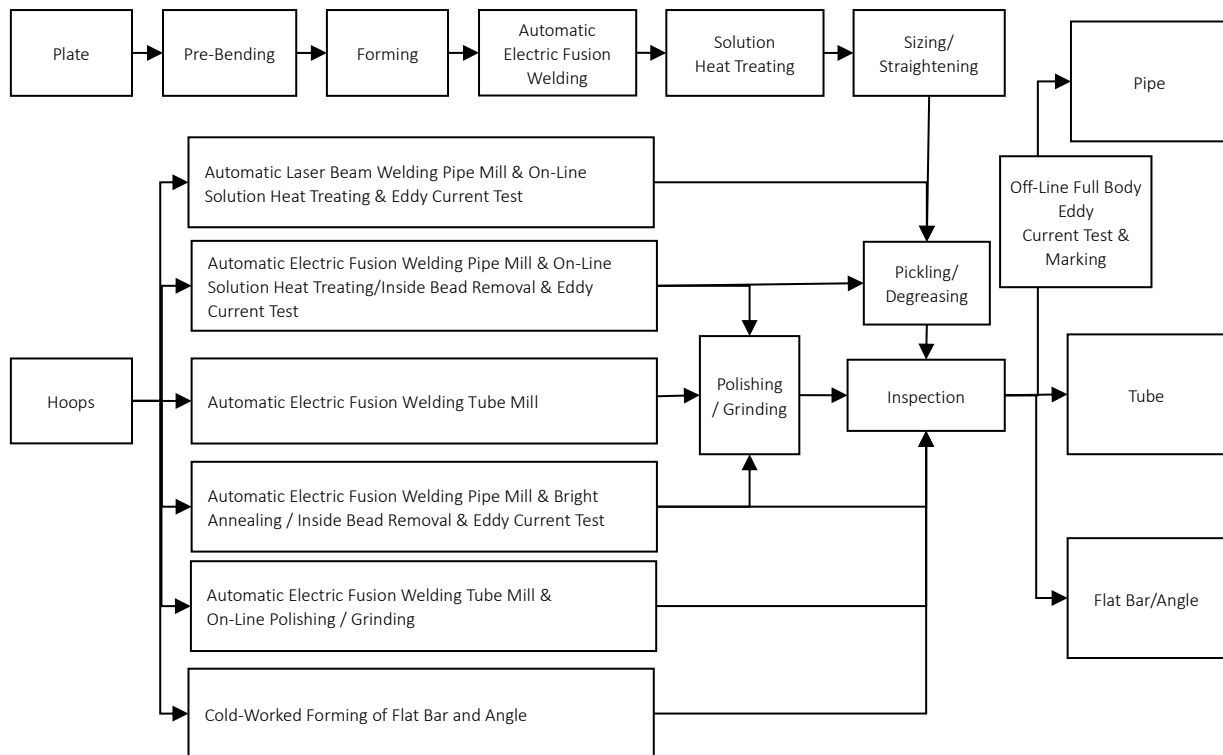
- (1) Continuously collect information on domestic and international supply and demand of raw materials, staying updated on the latest market trends. This will enhance the ability to make informed decisions during raw material procurement. Additionally, monitor exchange rate trends to mitigate currency risks.

- (2) Improve the quality of working environments and implement employee welfare policies to attract talented individuals to join the Company.
- (3) Address labor shortages by employing foreign contract workers.
- (4) Maintain product quality and establish a strong reputation. Implement measures such as strategic alliances, promoting production automation, and optimizing management practices to consistently reduce costs and enhance competitive advantages.

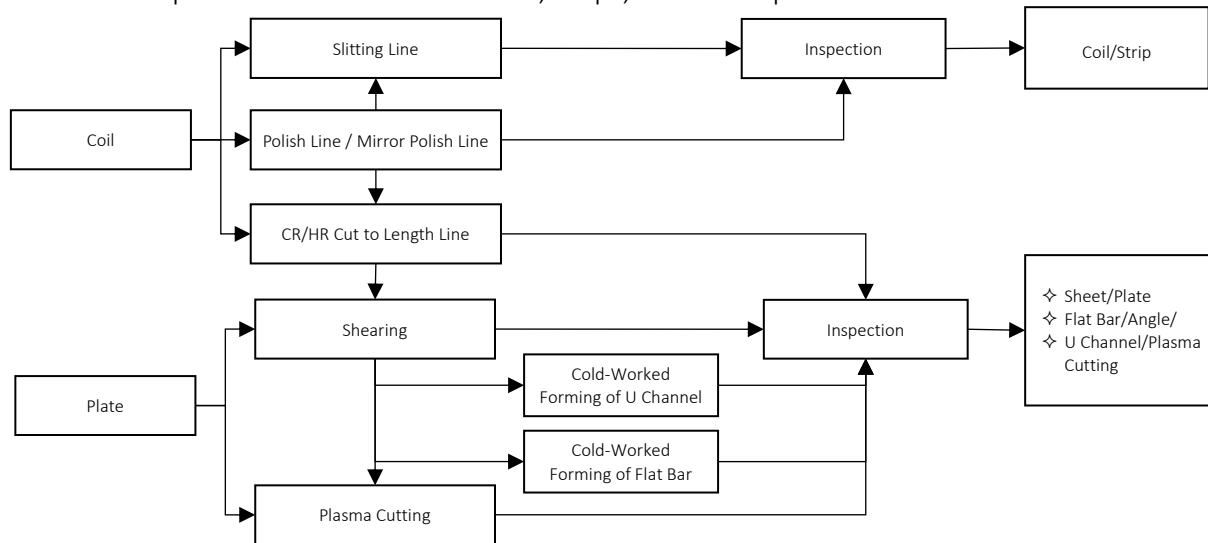
5.2.2 Important Applications and Production Process of Main Products:

Main Product	Applications
Stainless steel pipe and tube	Used in industries such as chemical, construction, food, machinery, environmental engineering, fire engineering, telecommunications engineering, and more, for various applications such as corrosion resistance, high temperature resistance, and pressure resistance. They are also used for aesthetic purposes such as handrails, guardrails, security doors and windows, display racks, and more.
Stainless steel sheet and coil	
Stainless steel flat bar, angle, and U channel, etc. Other stainless steel products	

A. Production process of stainless steel pipe and tube:



B. Production process of stainless steel coil, strips, sheet and plate:



5.2.3 Supply of Major Raw Materials

The main raw materials for the Company's products are cold-rolled and hot-rolled stainless steel coil (sheet). Due to the characteristics of the stainless steel industry, a majority of the hot-rolled raw materials and special specifications are currently imported from foreign countries. For other categories, we procure from domestic manufacturers such as Yieh United Steel Corp. and Walsin Lihwa Corporation. These companies are specialized manufacturers of stainless steel coil in Taiwan, known for their excellent product quality, reasonable prices, and reliable delivery. They are long-term cooperative partners, ensuring a stable supply source with no shortage concerns.

5.2.4 Major Suppliers and Customers in the most recent two years:

A. Major suppliers in the most recent two years:

Unit: NT\$ thousands

Rank	2022				2023				2024 (As of March 31)			
	Name	Amount	Percentage of net purchase	Relationship with the Company	Name	Amount	Percentage of net purchase	Relationship with the Company	Name	Amount	Percentage of net purchase	Relationship with the Company
1	B Company	3,396,224	27.14%	5	B Company	4,904,464	39.71%	5	B Company	1,165,310	44.27%	5
2	D Company	2,045,980	16.35%	5	A Company	2,518,272	20.39%	5	A Company	533,240	20.26%	5
3	A Company	1,798,163	14.37%	5	C Company	2,176,528	17.62%	5	E Company	343,123	13.03%	5
	Others	5,273,023	42.14%		Other	2,750,364	22.28%		Other	590,750	22.44%	
	Net purchase	12,513,390	100.00%		Net purchase	12,349,628	100.00%		Net purchase	2,632,423	100.00%	

Note 1: List the name of suppliers whose purchase amounts account for more than 10% of the total purchases in the most recent two years, along with purchase amounts and percentages. In case stipulated in the contract that the name of the supplier shall not be disclosed, or the transaction counterparty is an individual and not a related party, it may be disclosed with a code instead.

Note 2: 1. Subsidiary 2. Other investee companies accounted for using equity method 3. Other substantial related party 4. Major shareholder holding more than 10% shares 5. None

B. Major customers in the most recent two years:

There was no customer who contributed 10% or more of the Company net revenue in the most recent two years.

5.2.5 Breakdown of Production Volume and Value in The Most Recent 2 Years:

Unit: Metric Ton; NT\$ thousands

Production Volume and Value Main Products	2022			2023		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Stainless Steel Pipe/Tube	157,500	71,660	7,965,124	157,500	76,467	7,619,114
Stainless Steel Sheet/Coil	228,000	59,586	5,720,215	168,000	70,118	5,558,091
Other Stainless Steel Products	4,500	2,459	238,435	4,500	3,651	230,528
Total	390,000	133,705	13,923,774	330,000	150,236	13,407,733

5.2.6 Breakdown of Sales Volume and Value in The Most Recent 2 Years:

Unit: Metric Ton; NT\$ thousands

Sales Volume and Value Main Products	Year	2022				2023			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Stainless Steel Tube/Pipe		25,018	3,052,717	47,942	6,521,725	20,294	2,219,732	58,964	6,450,681
Stainless Steel Sheet/Coil		16,813	1,586,192	48,379	5,391,107	17,418	1,382,408	56,286	4,911,398
Other Stainless Steel Products and Other Operating Revenue		1,112	149,496	1,129	139,078	983	116,023	1,419	151,935
Total		42,943	4,788,405	97,450	12,051,910	38,695	3,718,163	116,669	11,514,014

5.3 Number of Employees, Their Average Years of Service (years), Average of Age, and Their Distribution of Academic Qualifications in the Most Recent 2 Years up to the Publication Date of this Annual Report:

Year		2022	2023	2024 (As of March 31)
Number of Employees	Direct Personnel	789	732	736
	Indirect Personnel	280	282	263
	Total	1,069	1,014	999
Average of Employees' Age		36.1	37.2	37.1
Average Years of Service (years)		7.4	8.2	8.2
Distribution of Academic Qualifications	MS/MA	3.93%	3.85%	3.80%
	College	42.75%	43.79%	41.64%
	High School	49.77%	47.63%	48.25%
	Below High School	3.55%	4.73%	6.31%

5.4 Information of Environmental Protection Expenditure

5.4.1 Disclose the amounts of loss from environmental pollution (including the violation of the environmental protection related laws by the inspection results, the date of punishment, the reference number of the punishment, the regulations it violates, the reason of the violation, and the content of the punishment should be listed) in the most recent year up to the publication date of this annual report, as well as the estimated amount and corresponding measures that may occur at present and in the future. If a reasonable estimate cannot be determined, the fact of the inability to provide a reasonable estimate shall be explained: None.

5.4.2 Future countermeasures and contingent expenditures: None.

5.5 Labor Relations

5.5.1 Explain the measure of employee welfare, education, training, retirement system and its implementation, as well as bargains between labor and company and various measures to protect employees' rights and interests.

A. Welfare measures and its implementation

1. The Company's Employee Welfare Committee is responsible for coordinating various welfare measures, including subsidies for marriage, funeral, and joyful events, hospital visits for illness or injury, family day activities, children's scholarships, festival bonuses, and birthday celebrations.
2. All employees participate in labor insurance and national health insurance.
3. Regular health checks for employees and improvement of the working environment.
4. Regular employee education and training programs, with opportunities for overseas internships.
5. Accidental insurance coverage for all employees to ensure their full commitment during work.
6. The Company has established a management system for operating profit bonuses to share the business results with all employees and enhance unity and motivation.

B. Education, training and its implementation

1. The Company firmly believes that employees are its greatest asset. Only with excellent employees can the Company make higher profits. Therefore, employee development has been one of the primary operational objectives of the Company throughout the years, with a strong emphasis on education and training. Each year, the Company plans different training programs based on the tasks and job requirements of each department. Annual education and training plan will be scheduled, which includes both in-house and external training. Representatives from each department participate in these training programs to strengthen talent development.
2. The Company has stipulated the "Regulations for employees education and training", which can be divided into new recruits general knowledge training, basic job training, on-the-job training and annual education and training to effectively implement education and training. The implementation procedures have been standardized and implemented in accordance with ISO9001 to ensure the quality of training.
3. Education and training status of Directors, internal auditors, Chief Accounting Officer and financial statements preparation personnel in 2023:

Personnel	Course Type	Hours Trained
Directors and Independent Directors	Practical Courses	78
Chief Corporate Governance Officer	Professional Courses	26.5
Internal Auditors	Professional Courses	48.5
Chief Accounting Officer and Financial Statements Preparation Personnel	Professional Courses	55.5

The Company's personnel related to financial information transparency, their certification (designated by the competent authority) obtaining status are as follows:

- (1) Number of Person(s) Obtaining the Certified Internal Auditor (issue by the Institute of Internal Auditors-Chinese Taiwan): 2 in Finance Department, 1 in Accounting Division.
- (2) Number of Person(s) Obtaining the Certification in Risk Management Assurance (issue by the Institute of Internal Auditors-Chinese Taiwan): 2 in Finance Department.

- (3) Number of Person(s) Obtaining the Certified Public Accountant in Taiwan: 1 in General Manager Office, 1 in Internal Audit Office.
- (4) Number of Person(s) Obtaining the American Institute of Certified Public Accountants: 1 in Accounting Division.
4. Employee education and training status in 2023: The total course training hours exceeded 22,618 hours, more than 8,920 people participated in those courses. The total training cost reached NT\$3.20 million. The content of these training courses covers management, professional techniques, quality management, environmental safety and health, new recruits training, managements' training, general knowledge education and training, etc.
- C. In order to regulate employees' compliance with ethics, to inherit the Company's high-quality culture and enhance corporate image, and to ensure the Company's sustainable operation and development, the Company has stipulated the "Codes of Ethical Conduct for Employees" to regulate employees' behavior and ethics, which includes matters such as moral and ethical regulations, prevention of conflicts of interest, gifts and hospitality, maintenance of the accuracy of information, protection of intellectual property rights, reporting, protection, and exemption, among other matters.
- D. Internal material information and procedures for prohibition of insider trading regulations:
The Company has established the "Procedures for Handling Material Inside Information", "Procedures for prohibition of insider trading regulations", and "Procedures for management of insider's shareholding transaction". All employees, managerial officers, and directors involved in handling material nonpublic information are required to sign a confidentiality agreement. Additionally, every year the Company distributes the "Handbook for Listed Companies' Insider Equity Trading" issued by the Taiwan Stock Exchange to its Insiders.
- E. Energy, environmental and occupational safety and health management system:
1. Environmental safety, health and energy policy:
The Company is rooted in Taiwan and has expanded its business across five continents. We operate with a global perspective to determine our operational direction. We are customer-service oriented and strive to build strong trust with our customers, believing that this will lead to new opportunities. YC INOX will work towards the goal of reducing the energy, environmental, and occupational safety and health impacts caused by our processes, facilities, and activities.
- (1) Regulatory Compliance: Comply with energy, environment, and occupational health and safety-related laws and regulations as well as other requirements.
 - (2) Raised Awareness: Enrich technical knowledge, communicate it to workers, make them aware of their personal responsibilities, and facilitate their participation in and implementation of management systems.
 - (3) Consultation and Communication: Strengthen worker interactions, establish consultation participation and communication channels, and give appropriate responses.
 - (4) Risk Control: Adopt appropriate risk control technologies to eliminate hazard risks caused by pollutants and hazard factors, and control related losses to protect worker health and safety.
 - (5) Sustained Performance: Through pollution, injury, and disease prevention, elevate energy performance, set goals and action plans, and continuously improve management performance.
 - (6) Friendly Environment: Strengthen workplace environment improvements and employee health management, and provide safe and healthy working conditions to prevent work-related injuries and health hazards.
 - (7) Energy-Saving and Carbon Reduction: Support the use of energy-saving products, designs, and services to elevate energy usage efficiency and lower greenhouse gas emissions.

2. Work environment description and personal safety protection measures for employees:

- (1) The Company deeply understands that employees are the most important asset in the development of the enterprise, and that environmental protection is a social responsibility of the Company. We also believe that disasters can be prevented. We continuously strive to prevent occupational accidents and reduce environmental pollution through the implementation and operation of ISO 14001 and ISO 45001 management systems. We are committed to continuous improvement to meet the requirements of relevant regulations and to achieve the ultimate goal of "zero accidents, zero pollution."
- (2) The Company conducts assessment on significant environmental and occupational health and safety risks through the implementation of the Environmental and Occupational Health and Safety Management System. We use the 82-rule method to identify low, medium, and high-risk items, and establish short, medium, and long-term improvement goals and plans. We have achieved significant results and control in our efforts.

3. Energy saving and carbon reduction:

- (1) In response to the international trade situation and government initiatives on achieving zero carbon emissions, the Company has successfully obtained ISO 50001 certification for energy management system and implemented ISO 14064-1:2018 greenhouse gas inventory system. By completing scope one to scope three inventories and third-party verification in 2022, we have identified major energy-consuming equipment and developed annual energy policies and target management plans to continuously implement energy-saving improvement plans and reduce carbon emissions.
- (2) Actively promoting the solar power generation systems as follows:
 - a. Phase I was completed in May 2022, with a capacity of 5,511.72 KWP.
 - b. Phase II will add approximately 6,000 KWP, with an estimated annual power generation of about 8.4 million kWh.The cumulative investment for the aforementioned phases is approximately NT\$450 million, with a total capacity of about 16.23 million kWh. According to the latest data from Bureau of Energy, carbon emission coefficient is 0.495 kg CO₂e/kWh, this will reduce CO₂ emissions by approximately 8,030 metric tons per year, equivalent to the carbon absorption capacity of 20.6 Da'an Forest Parks or the afforestation benefit of 811 hectares.

F. Follow-up environmental and safety and health promotion activities

1. Occupational safety and health management plan:

The Company has established a safety and health management plan to effectively implement occupational safety and achieve the goal of zero accidents. Each department executes the plan according to the designated guidelines. Through the operation of the ISO 45001 management system, the Company conducts safety and health committee labor-management meetings every three months and annual management review meetings to timely review and revise the plan as necessary. By doing so, the Company progressively reduces its risk of hazards year by year.

2. Environmental monitoring on the workplace:

The Company aims to effectively monitor the environmental conditions of employees in the workplace. Based on the operational environment at each worksite, various environmental measurements are planned, and a sampling strategy is developed. Similar exposure groups are identified, and sampling is conducted targeting the individuals with the highest potential exposure. The monitoring items are as follows: Noise, organic solvents (toluene, xylene), inhalable dust, total dust, hydrofluoric acid, nitric acid... etc.

3. Automatic inspection measures:

To prevent occupational accidents resulting from mechanical failures during equipment operation and ensure the safety of workers, the Company has established regulations for personnel using machinery. Operators are required to perform pre-operation checks, regular inspections, and comprehensive inspections that vary based on different inspection scopes to ensure the safety of machinery operations. These measures are implemented to minimize the risk of accidents and promote a safe working environment.

Those inspection items are: high-pressure gas equipment, dangerous machinery (such as crane), local exhaust devices, high and low voltage electrical equipment, stackers, shears, vehicles... etc.

4. Health dissemination:

- (1) In order to effectively monitor the employees' physical health and understand the impact of workplace materials and chemicals on the human body, the Company implements health checks with a frequency exceeding legal requirements. It also collaborates with major hospitals to organize health seminars and discussions. Information related to safety, health care, occupational hazards, and other relevant topics is disseminated through pamphlets displayed on bulletin boards, serving as educational materials for promotion and internal training.
- (2) Qualified healthcare personnel are hired to manage employee health, prevent occupational diseases, and promote overall well-being. They are responsible for implementing measures to protect the health of workers, including health assessments, occupational disease prevention, and health promotion activities.

G. Social responsibility

1. Environment protection:

- (1) Based on the social responsibility of environmental protection, the Company has obtained the ISO14001 environmental management system certification, and materializes the social responsibility of environmental protection through the system.
- (2) In order to reduce waste, the Company recycles resource-type wastes (such as waste paper, scrap iron... etc.) through the way of recycled by recyclers, to reduce the generation of wastes.

2. Charitable donations:

The Company, based on its commitment to caring for vulnerable groups, grassroots education development, and government-organized events, donates to organizations such as the Saint Wisdom Enabling Center, schools in various factory areas, and multiple charitable institutions each year. It strives to support and assist vulnerable communities and actively participates in government initiatives and activities.

H. Pension plan and its implementation:

The Company has established a Labor Pension Fund Supervision Committee, which is responsible for reviewing the contribution and payment of pension funds, and stipulated regulations for employee retirement in accordance with the Labor Standards Act and Labor Pension Act. The Company believes that a sound financial system can ensure employees receiving pensions in the future. In addition, foreign subsidiaries also contribute and pay pensions in accordance with local laws and regulations.

I. Various employee rights protection measures:

Although the Company does not have a labor union, we hold labor meeting every quarter and emphasize labor-management harmony. Under the principle of paying attention to the opinions of employees, the Company not only stipulates working rules in accordance with applicable laws and regulations to reasonably standardize employee services, salary, working hours, personal leaves, retirement, pensions, etc., but also implements safety, health, education and training and

other measures for employees. In the meantime, we pay attention to the opinions of employees, through communication and coordination with them, we earn their trust and support. So far, no material labor disputes have occurred or caused losses, which means the labor-management relationship is harmonious.

5.5.2 Losses caused by labor disputes in the most recent year and up to the publication date of this annual report (including the violation of the Labor Standards Act by the labor inspection results, the date of punishment, the serial number of the punishment, the regulations it violates, the reason of the violation, and the content of the punishment should be listed), as well as the estimated amount and corresponding measures that may occur at present and in the future. If a reasonable estimate cannot be made, the reasons for the unreasonable estimate shall be explained:

Item \ Year	2023	2023	As of March, 2024
Penalty Date	July 24, 2023	September 12, 2023	None
Penalty Letter No.	FU-LAO-DONG-ZI No. 1120283726	FU-LAO-DONG-ZI No. 1120360596	
Regulations Violated	Article 32, Item 2 of the Labor Standards Act	Article 32, Item 2 of the Labor Standards Act	
Content of Regulations Violated	Exceeding the legal overtime limit of 46 hours in October 2022	Exceeding the legal overtime limit of 46 hours in March 2023	
Content of Punishment	Fine of NT\$60,000	Fine of NT\$90,000	

5.6 Information communication safety management:

5.6.1 Explain the information security risk management framework, the information security policy, the specific management plan and the resources put in the information security management.

A. Information Security Risk Management Framework

The IT Office is the responsible unit for information security, tasked with planning, implementing, and promoting information security management matters. The Company has established an "Information Security Manual" that governs the implementation of information security. Through regular education and training, employees are familiarized with the Company's information security policies, standards, and procedures, enhancing their security awareness and reducing the risk of information security incidents. This promotes employee behavior that aligns with information security policies and requirements. Additionally, external auditors are periodically dispatched to inspect the Company's information systems.

The highest-ranking executive in the IT office is the Chief Information Security Officer, who periodically reports the status of information security implementation to the Chairman and provides annual reports on information security achievements to the Board of Directors. There is also a dedicated information security officer responsible for planning and executing information security initiatives.

The Company reports its information security management and implementation achievements to the Board of Directors annually, for this year, it was reported during the 17th session of the 18th board meeting on December 29, 2023.

B. Information and Communication Security Policy

To ensure the effective operation and execution of various information assets, secure information

transmission and transactions, mitigate the damages caused by information security incidents, and safeguard the confidentiality, integrity, and availability of computer-processed data, the Company has established an information security management mechanism in compliance with the information and communication security management act and its subsidiary laws.

- (1) Policy and Regulations: The Company follows relevant government regulations and has established an information security management system that governs the information security behavior of all personnel.
- (2) Technological Measures: The Company has implemented information security management equipment and measures to enforce information security management.
- (3) Personnel Training: Regular information security education and practical training courses are provided to new employees, and periodic social engineering exercises and information security awareness campaigns are conducted to enhance the information security awareness of the Company's employees.
- (4) Risk Controls: Appropriate information security risk management frameworks and systems are implemented to ensure the confidentiality, integrity, and availability of information assets.
- (5) Incident Reporting: An information security incident reporting and response mechanism is established to ensure proper response, control, and handling of security incidents.
- (6) Management review: regular information security audits are conducted to assess the feasibility and effectiveness of the information security management system, in order to maintain operational capabilities and provide appropriate services.

C. Information Security Management System Certification

In May 2023, the Company obtained the international standard ISO/IEC 27001:2013 certificate for our information security management system. According to this standard, we implement the "Plan-Do-Check-Act" (PDCA) cycle. We conduct at least one internal self-assessment and one external audit by an impartial third-party organization each year to ensure the effective implementation of the ISO 27001 management mechanisms. Additionally, we undergo a recertification process every three years to maintain the validity of the ISO 27001 certification

D. Information Security Management Mechanism

1. Network Security

- (1) Implement next-generation firewalls to ensure robust firewall security controls.
- (2) Segment network zones to prevent virus spread within the internal network.
- (3) Implement SOC (Security Operation Center) for real-time monitoring services.

2. Data Security

- (1) Implement internal and external access control measures.
- (2) Control access to sensitive data.
- (3) Regulate the use of external storage devices.

3. Device Security

- (1) Implement next-generation endpoint protection to continuously monitor for malicious software and behaviors.
- (2) Establish next-generation email analysis gateways.
- (3) Restrict remote access behaviors of personnel.
- (4) Implement two-factor authentication for privileged accounts.

4. Education and Training

- (1) Conduct education and training sessions along with awareness campaigns.
- (2) Perform periodic social engineering drills.

5. Operation maintenance

- (1) Monitor and report on the availability status of systems and networks.

- (2) Implement contingency measures for service disruptions.
- (3) Implement data backup and redundancy measures, including on-site and off-site backup mechanisms.
- (4) Conduct regular incident recovery drills

E. Allocation of Resources in Information Security Management

In 2023, the Company allocated resources for information security management as follows:

1. Certification

- (1) Obtained certification for ISO/IEC 27001:2013, an international standard for information security management.
- (2) 4 personnel in the IT Office obtained Fortinet NSE Junior certification.

2. Strengthening Information Security Protection

- (1) Implemented Security Operation Center (SOC) monitoring services, in collaboration with external information security experts, to monitor systems, networks, and applications for potential security threats and provide real-time responses.
- (2) Implemented Endpoint Detection and Response (EDR) in conjunction with external Information Security experts, combining threat intelligence, antivirus, anti-spyware, intrusion detection, and other technologies to monitor hacker activities 24/7, promptly detect security alerts, and enhance detection and response capabilities.
- (3) Email Protection: Safeguarded the Company's email system against threats such as spam, viruses, ransomware, and phishing emails.
- (4) Two-Factor Authentication Mechanism: Implemented for server hosts, key user computers, and VPNs, requiring mobile-based dual authentication for login

3. Vulnerability Scanning

Conducted two external vulnerability scans this year: initial scanning and follow-up scanning. Based on the results of these scans, documented vulnerabilities were recorded, and relevant recommendations and scan reports were submitted as references for vulnerability remediation.

4. Enhancing Employee Security Awareness

Conducted 3 social engineering drills this year, each targeting 300 user accounts within the company. Also, organized 1 information security training session conducted by experts, with seed personnel from each unit attending classes, totaling 40 participants for 80 hours, aimed at enhancing employee awareness of information security. During the simulated social engineering drills for all company employees in 2023, the click rates for phishing emails were 6.66% in the first half and 4.66% in the second half; educational training for mistaken clicks among colleagues has been conducted.

5. Disaster Recovery Drills

Conducted disaster recovery drills and tested data restoration for ERP core systems and databases over the past 4 years, all of which met the Company's set goals. Detailed statistical data is provided in the table below.

Strategy	Goal	2020 Results	2021 Results	2022 Results	2023 Results
Conduct annual disaster recovery simulations for critical application systems to ensure continuous operation and guarantee uninterrupted business operations.	Critical application systems RTO ≤ 8 hours Critical application systems RPO ≤ 24 hours	RTO = 8 hours RPO = 8 hours	RTO = 8 hours RPO = 8 hours	RTO = 8 hours RPO = 8 hours	RTO = 2 hours RPO = 8 hours

RPO (Recovery Point Objective): The maximum tolerable period in which data might be lost due to a disaster incident.
RTO (Recovery Time Objective): The maximum acceptable length of time that a computer, system, network, or application can be down after a failure or disaster occurs.

6. Patch Updates

- (1) Replaced outdated computers and updated operating systems.
- (2) Virtualized server hosts and fully upgraded operating systems.
- (3) Implemented real-time updates for vulnerabilities and software on hosts and computers.

5.6.2 Explain the losses, possible impacts and countermeasures of major information security incidents in the most recent year and up to the publication date of the annual report; if it cannot be reasonably estimated, the reasons for the inability to be reasonably estimated should be explained:

In 2023 and up to the publication date of the annual report, the Company has not suffered any major information and communication security incidents, and there is no related loss or impact.

5.7 Important Contracts

A. YC INOX Co., Ltd.

As of April 19, 2024

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Conditions	Restrictions
Long-term unsecured borrowings	Hua Nan Commercial Bank	2021.10.25~2027.03.26	Facility amount: NT\$ 600 million	None
	The Export-Import Bank of the Republic of China	2020.03.31~2028.08.07	Facility amount: NT\$ 1100 million	None
	Bank of Taiwan	2022.11.04~2026.10.25	Facility amount: NT\$ 800 million	None
	E.Sun Bank.	2023.05.19~2026.05.19	Facility amount: NT\$ 500 million	None
	Chang Hwa Bank	2023.05.18~2024.05.31	Facility amount: NT\$ 300 million	None
	Taiwan Cooperative Bank	2024.03.18~2029.03.18	Facility amount: NT\$ 200 million	None

B. YC INOX TR Celik Sanayi ve Ticaret A.S.

As of April 19, 2024

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Conditions	Restrictions
Construction	✧ YAPISAL MUHENDISLIK UYGULAMA SANAYI VE TICARET LIMITED SIRKETI ✧ YIKILMAZ ENDUSTRIYEL YAPI INSAAT SANAYI VE TICARET LIMITED SIRKETI	From January 6, 2021 to the end of the warranty period after the completion of the construction, the warranty expires in 5 years.	Construction of mills and office buildings.	None
Construction	INTAYA INTES INSAAT TAAHHUT YATIRIM TICARET ANONIM SIRKETI	The engineering contract entered into effect on December 19, 2022. The warranty period will be in effect for 5 years starting from the completion and acceptance of the entire project. After the 5-year period expires, the warranty will no longer be valid.	Construction of mills	None
Procurement	Vinçsan Vinç Sanayi ve Ticaret A.Ş.	From December 22, 2022, to the completion and acceptance of the entire project, the warranty expires in 2 years	Crane	None
Procurement	EKSAS ENDUSTRIYEL METAL KAPLAMA TESISLERI SANAYI VE TICARET ANONIM SIRKETI	From December 26, 2022, to the completion and acceptance of the entire project, the warranty expires in 5 years	Pickling and wastewater treatment equipment	None

VI. Financial Overview

6.1 Five-Year Condensed Financial Statements

6.1.1 Condensed Balance Sheet and Statement of Comprehensive Income

A. Condensed Consolidated Balance Sheet-IFRS

Unit: NT\$ thousands

Year		Financial information for the most recent five years					As of March 31, 2024 (Note 1)
		2019	2020	2021	2022	2022	
Current assets		6,259,308	5,693,449	10,460,877	9,132,340	7,644,162	8,176,318
Property, plant and equipment		4,609,174	4,644,058	4,789,937	6,043,505	6,906,175	7,388,228
Other non-current assets		1,273,885	2,875,056	3,827,930	4,487,937	3,764,052	3,880,387
Total assets		12,142,367	13,212,563	19,078,744	19,663,782	18,314,389	19,444,933
Current liabilities	Before distribution	3,826,106	2,439,496	7,954,827	6,507,683	7,209,734	7,708,747
	After distribution	4,436,802	1,783,800	7,287,863	5,838,374	Note 2	—
Non-current liabilities		867,981	1,683,692	1,721,852	2,739,836	2,154,486	2,199,241
Total liabilities	Before distribution	4,694,087	4,123,188	9,676,679	9,247,519	9,364,220	9,907,988
	After distribution	5,304,783	3,467,492	9,009,715	8,578,210	Note 2	—
Equity attributable to owners of the Company		7,448,280	9,089,375	9,402,065	10,416,263	8,950,169	9,536,946
Share Capital		4,071,307	4,371,307	4,446,425	4,453,799	4,700,024	4,702,256
Capital surplus		1,663,578	1,882,352	1,994,700	2,005,108	2,302,582	2,305,264
Retained Earnings	Before distribution	1,899,056	1,832,412	2,442,481	2,315,215	1,480,821	1,529,268
	After distribution	1,410,499	1,176,716	1,775,517	1,645,906	Note 2	—
Other equity		(185,661)	1,003,304	518,459	1,642,141	466,742	1,000,158
Treasury stock		—	—	—	—	—	—
Non-controlling interest		—	—	—	—	—	—
Total equity	Before distribution	7,448,280	9,089,375	9,402,065	10,416,263	8,950,169	9,536,946
	After distribution	6,837,584	8,433,679	8,735,101	9,746,954	Note 2	—

Note 1: Has been reviewed by the CPAs.

Note 2: The distribution of the 2023 earnings was proposed by the Company's board of directors on March 8, 2024, proposing that the Company will distribute a cash dividend of NT\$1.0 per share (NT\$470,002 thousand in total), subject to approval at the shareholders' meeting scheduled for June 17, 2024.

B. Condensed parent company only balance sheet-IFRS

Unit: NT\$ thousands

Year		Financial information for the most recent five years				
		2019	2020	2021	2022	2023
Current assets		5,723,479	4,786,659	9,597,294	6,221,760	5,019,067
Property, plant and equipment		4,221,623	4,320,288	4,238,219	4,370,107	4,324,205
Other non-current assets		2,190,022	4,083,331	4,993,283	8,664,175	8,779,360
Total assets		12,135,124	13,190,278	18,828,796	19,256,042	18,122,632
Current liabilities	Before distribution	3,819,917	2,417,532	7,704,879	6,103,372	7,019,706
	After distribution	4,430,613	1,761,836	7,037,915	5,434,063	Note
Non-current liabilities		866,927	1,683,371	1,721,852	2,736,407	2,152,757
Total liabilities	Before distribution	4,686,844	4,100,903	9,426,731	8,839,779	9,172,463
	After distribution	5,297,540	3,445,207	8,759,767	8,170,470	Note
Equity attributable to owners of the Company		7,448,280	9,089,375	9,402,065	10,416,263	8,950,169
Share Capital		4,071,307	4,371,307	4,446,425	4,453,799	4,700,024
Capital Surplus		1,663,578	1,882,352	1,994,700	2,005,108	2,302,582
Retained Earnings	Before distribution	1,899,056	1,832,412	2,442,481	2,315,215	1,480,821
	After distribution	1,410,499	1,176,716	1,775,517	1,645,906	Note
Other equity		(185,661)	1,003,304	518,459	1,642,141	466,742
Treasury stock		—	—	—	—	—
Non-controlling interest		—	—	—	—	—
Total equity	Before distribution	7,448,280	9,089,375	9,402,065	10,416,263	8,950,169
	After distribution	6,837,584	8,433,679	8,735,101	9,746,954	Note

Note: The distribution of the 2023 earnings was proposed by the Company's board of directors on March 8, 2024, proposing that the Company will distribute a cash dividend of NT\$1.0 per share (NT\$470,002 thousand in total), subject to approval at the shareholders' meeting scheduled for June 17, 2024.

C. Condensed consolidated statement of comprehensive income-IFRS

Unit: NT\$ thousands

Item \ Year	Financial information for the most recent five years					As of March 31, 2024 (Note)
	2019	2020	2021	2022	2023	
Operating revenue	16,308,739	12,717,152	17,777,919	16,840,315	15,232,177	3,099,017
Gross profit	1,581,591	1,184,615	2,893,140	2,176,813	1,100,974	444,936
Income from operations	802,108	464,629	1,389,221	947,907	338,974	220,388
Non-operating income and expenses	(24,744)	47,497	338,290	262,247	479,508	171,618
Profit (loss) before income tax	777,364	512,126	1,727,511	685,660	(140,534)	48,770
Net profit (loss)	623,729	423,567	1,260,047	518,282	(169,815)	48,447
Other comprehensive income (loss)	(322,016)	1,187,311	(479,127)	1,145,098	(1,170,669)	533,416
Total comprehensive income (loss)	301,713	1,610,878	780,920	1,663,380	(1,340,484)	581,863
Net profit (loss) attributable to owners of the company	623,729	423,567	1,260,047	518,282	(169,815)	48,447
Total comprehensive income attributable to owners of the company	301,713	1,610,878	780,920	1,663,380	(1,340,484)	581,863
Earnings per share (NT\$)	1.53	1.04	2.86	1.16	(0.38)	0.10

Note: Has been reviewed by CPA.

D. Condensed parent company only statement of comprehensive income-IFRS

Unit: NT\$ thousands

Item \ Year	Financial information for the most recent five years				
	2019	2020	2021	2022	2023
Operating revenue	16,308,739	12,717,152	17,777,919	16,262,547	13,624,052
Gross profit	1,581,591	1,184,615	2,893,140	2,636,861	1,139,813
Income from operations	810,739	475,914	1,407,183	1,500,588	506,195
Non-operating income and expenses	(38,055)	23,925	169,622	(845,005)	(739,441)
Profit (loss) before income tax	772,684	499,839	1,576,805	655,583	(233,246)
Net profit (loss)	623,729	423,567	1,260,047	518,282	(169,815)
Other comprehensive income (loss)	(322,016)	1,187,311	(479,127)	1,145,098	(1,170,669)
Total comprehensive income (loss)	301,713	1,610,878	780,920	1,663,380	(1,340,484)
Net profit (loss) attributable to owners of the company	623,729	423,567	1,260,047	518,282	(169,815)
Total comprehensive income attributable to owners of the company	301,713	1,610,878	780,920	1,663,380	(1,340,484)
Earnings per share (NT\$)	1.53	1.04	2.86	1.16	(0.38)

6.1.2 Independent Auditors' Opinions from 2019 to 2023

Year	CPA Firm	CPA's Name	Auditors' Opinion
2019	Deloitte & Touche	Tseng, Done-Yuin; Chiang, Shu-Chin	Unqualified
2020	Deloitte & Touche	Tseng, Done-Yuin; Chiang, Shu-Chin	Unqualified
2021	Deloitte & Touche	Tseng, Done-Yuin; Chiang, Shu-Chin	Unqualified
2022	Deloitte & Touche	Tseng, Done-Yuin; Chiang, Shu-Chin	Unqualified
2023	Deloitte & Touche	Tseng, Done-Yuin; Chiang, Shu-Chin	Unqualified

6.2 Five-Year Financial Analysis

6.2.1 Financial Analysis- IFRS- Consolidated

Item \ Year		Financial information for the most recent five years					As of Mar 31, 2024 (Note)
		2019	2020	2021	2022	2022	
Capital structure	Debt to assets ratio (%)	38.65	31.20	50.71	47.02	51.13	50.95
	Long-term funds to property, plant and equipment ratio (%)	180.35	231.97	232.23	217.68	160.79	158.84
Solvency	Current ratio (%)	163.45	233.38	131.50	140.33	106.02	106.06
	Quick ratio (%)	77.92	107.82	42.38	37.09	33.05	24.98
	Interest coverage ratio	30.92	18.36	46.10	9.42	0.02	2.20
Operating ability	Receivables turnover (times)	11.01	11.07	14.59	14.37	15.94	12.78
	Average collection days	33.15	32.97	25.01	25.40	22.89	28.56
	Inventory turnover (times)	4.09	3.60	3.09	2.41	2.83	2.40
	Payables turnover (times)	59.64	71.97	32.81	29.94	91.21	54.41
	Average inventory turnover days	89.24	101.38	118.12	151.45	128.97	152.08
	Property, plant and equipment turnover (times)	3.91	2.74	3.76	3.10	2.35	1.73
	Total assets turnover (times)	1.37	1.00	1.10	0.86	0.80	0.65
Profitability	ROA (%)	5.41	3.52	7.99	3.01	(0.28)	1.71
	ROE (%)	8.13	5.12	13.62	5.23	(1.75)	2.09
	Profit (loss) before income tax to paid-in capital ratio (%)	19.09	11.71	38.86	15.39	(3.13)	1.03
	Net margin (%)	3.82	3.33	7.08	3.07	(1.11)	1.56
	EPS (NT\$)	1.53	1.0395	2.86	1.16	(0.38)	0.10
Cash flow	Cash flow ratio (%)	17.23	71.78	(19.95)	24.74	13.02	(1.51)
	Cash flow adequacy ratio (%)	96.81	95.41	66.59	68.97	49.09	44.65
	Cash flow reinvestment ratio (%)	(0.68)	8.56	(16.53)	5.92	1.92	(0.78)
Leverage	Operating leverage	2.18	3.05	1.82	2.21	4.41	2.54
	Financial leverage	1.03	1.06	1.02	1.09	1.73	1.22
Explanation for changes in financial ratios over 20% in the past two years: - The decrease in the ratio of long-term funds to property, plant, and equipment is primarily due to the continuous conversion of company bonds during the current year and a decrease in retained earnings due to a decline in profitability, resulting in a decrease in long-term funds. - The decrease in the current ratio is mainly due to a decrease in assets and an increase in current liabilities during the current year. The decrease in current assets is attributed to a reduction in inventory compared to the previous year. The increase in current liabilities is due to an increase in short-term borrowings to meet short-term operational funding needs. - The decrease in the interest coverage ratio is primarily due to a decrease in profit (loss) before income tax for the period and an increase in interest expenses due to increased borrowing during the current year. - The increase in the payables turnover ratio is mainly due to a decrease in the average trade payables and notes payable during the current year. The higher average trade payables and notes payable in the previous year were due to inventory preparation by the Türkiye subsidiary starting in the second quarter of the previous year in response to production needs. - The decrease in property, plant, and equipment turnover ratio is primarily due to an increase in the average net property, plant, and equipment during the current year as the capitalization of assets for the Türkiye subsidiary was progressively completed during the year. - The decrease in ROA, ROE, Profit (loss) before income tax to paid-in capital ratio, net margin, and earnings per share, is mainly due to a decline in net operating revenue, affecting profitability. - The decrease in cash flow ratio, cash flow adequacy ratio, and cash flow reinvestment ratio is primarily due to a decrease in net cash generated from operating activities during the current year due to decreased profitability. - The increase in operating leverage is primarily due to a decrease in net operating revenue, affecting profitability. - The increase in financial leverage is primarily due to a decrease in profitability.							

Note: Has been reviewed by CPA.

6.2.2 Financial Analysis- IFRS- Parent company only

Item		Year	Financial information for the most recent five years				
			2019	2020	2021	2022	2023
Capital structure	Debt to assets ratio (%)		38.62	31.09	50.06	45.90	50.61
	Long-term funds to property, plant and equipment ratio (%)		196.89	249.35	262.46	300.96	256.76
Solvency	Current ratio (%)		149.70	197.99	124.56	101.93	71.49
	Quick ratio (%)		64.14	72.64	35.09	29.97	26.56
	Interest coverage ratio		30.86	18.19	43.08	9.34	(0.66)
Operating ability	Receivables turnover (times)		11.01	11.07	14.59	14.38	17.07
	Average collection days		33.15	32.97	25.01	25.38	21.38
	Inventory turnover (times)		4.09	3.60	3.09	2.48	3.25
	Payables turnover (times)		59.65	71.97	32.81	28.34	86.64
	Average inventory turnover days		89.24	101.38	118.12	147.17	112.3
	Property, plant and equipment turnover (times)		4.10	2.97	4.15	3.77	3.13
	Total assets turnover (times)		1.37	1.00	1.11	0.85	0.72
Profitability	ROA (%)		5.42	3.53	8.05	3.05	(0.3)
	ROE (%)		8.14	5.12	13.62	5.23	(1.75)
	Profit (loss) before income tax to paid-in capital ratio (%)		18.98	11.43	35.47	14.71	(5.21)
	Net margin (%)		3.82	3.33	7.08	3.18	(1.24)
	EPS (NT\$)		1.53	1.04	2.86	1.16	(0.38)
Cash flow	Cash flow ratio (%)		28.33	60.33	(21.75)	62.58	19.77
	Cash flow adequacy ratio (%)		110.29	104.61	47.61	39.66	50.33
	Cash flow reinvestment ratio (%)		3.01	5.65	(15.02)	14.84	3.58
Leverage	Operating leverage		2.17	2.98	1.80	1.65	2.76
	Financial leverage		1.03	1.06	1.02	1.05	1.38
Explanation for changes in financial ratios over 20% in the past two years: please refer to the previous page.							

The formulas for financial analysis are listed as follows:

- Capital structure
 - Debt to asset ratio = total liabilities/total assets.
 - Long-term funds to property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment.
- Solvency
 - Current ratio = current assets / current liabilities.
 - Quick ratio = (current assets – inventory – prepaid expenses) / current liabilities.
 - Interest coverage ratio = profit (loss) before income tax and interest expense / interest expense.
- Operating ability
 - Receivables (including trade receivables and notes receivable generated from operations) turnover = operating revenue / average receivables
 - Average collection days = 365 / receivables turnover.
 - Inventory turnover = operating costs / average inventory.
 - Payables (including trade payables and notes payable generated from operations) turnover = operating costs / average payables.
 - Average inventory turnover days = 365 / inventory turnover.
 - Property, plant and equipment turnover = operating revenue / average net property, plant, and equipment.
 - Total asset turnover = operating revenue / average total assets.
- Profitability
 - ROA = [net profit (loss) + interest expense (1- tax rate)] / average total assets.
 - ROE = net profit (loss) / average total equity.
 - Net margin = net profit (loss) / operating revenue.
 - Earnings per share = (net profit (loss) attributable to owners of the company – preferred share dividends) / Weighted average of shares outstanding.
- Cash flow
 - Cash flow ratio = net cash generated from operating activities / current liabilities.
 - Cash flow adequacy ratio = five-year sum of net cash generated from operating activities / five-year sum of capital expenditure, inventory addition amounts and cash dividends).
 - Cash flow reinvestment ratio = (net cash generated from operating activities – cash dividends) / (gross Property, plant and equipment + long-term investments + other non-current assets + working capital).
- Leverage
 - Operating leverage = (operating revenue – variable expenses) / income from operations.
 - Financial leverage = income from operations / (income from operations- interest expenses).

6.3 Audit Committee's Review Report for the most recent year:

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for the profit distribution. The CPA firm of Deloitte & Touche was retained to audit YC INOX' Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and proposal for the profit distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of YC INOX Co., Ltd. According to relevant requirements of Securities and Exchange Act. and the Company Act, we hereby submit this report.

To:

2024 General Shareholders' Meeting of YC INOX Co., Ltd.

YC INOX Co., Ltd.

Chairman of the Audit Committee: Chen, Tai-Shan

March 8, 2024

6.4 Consolidated Financial Statements and Independent Auditor's Report:
Please refer to Page 95.

6.5 Parent company only Financial Statements and Independent Auditor's Report:
Please refer to Page 154.

6.6 Impact on the Financial Status of the Company Due to Financial Difficulties
Experienced by the Company and Its Affiliated Companies in the Most Recent
Year up to the Publication Date of this Annual Report: None.

VII. Analysis of Financial Status and Financial Performance and Risk Management

7.1 Financial Status

7.1.1 Comparative Analysis of Financial Status

Unit: NT\$ thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	7,644,162	9,132,340	(1,488,178)	(16.30)
Property, plant and equipment	6,906,175	6,043,505	862,670	14.27
Other Non-current Assets	3,764,052	4,487,937	(723,885)	(16.13)
Total Assets	18,314,389	19,663,782	(1,349,393)	(6.86)
Current Liabilities	7,209,734	6,507,683	702,051	10.79
Non-current Liabilities	2,154,486	2,739,836	(585,350)	(21.36)
Total Liabilities	9,364,220	9,247,519	116,701	1.26
Capital	4,700,024	4,453,799	246,225	5.53
Capital Reserve	2,302,582	2,005,108	297,474	14.84
Retained Earnings	1,480,821	2,315,215	(834,394)	(36.04)
Other Equity	466,742	1,642,141	(1,175,399)	(71.58)
Total Equity	8,950,169	10,416,263	(1,466,094)	(14.08)

Explanation of changes in each item with increase/decrease of more than 20%:

- The decrease in non-current liabilities is primarily due to the continuous conversion of convertible bonds during the current fiscal year.
- The decrease in retained earnings is primarily due to a decline in Net Revenue, resulting in reduced profitability.
- The decrease in other equity is primarily due to a decline in unrealized gains on investments in equity instruments at fair value through other comprehensive income.

7.2 Financial Performance

7.2.1 Comparative Analysis of Financial Performance

Unit: NT\$ thousands

Items \ Year	2023	2022	Difference	
			Amount	%
Net Revenue	15,232,177	16,840,315	(1,608,138)	(9.55)
Cost of Goods Sold	14,131,203	14,663,502	(532,299)	(3.63)
Gross Profit	1,100,974	2,176,813	(1,075,839)	(49.42)
Operating Expenses	762,000	1,228,906	(466,906)	(37.99)
Income from Operations	338,974	947,907	(608,933)	(64.24)
Non-Operating Income and Expenses	(479,508)	(262,247)	(217,261)	(82.85)
Income Before Income Tax	(140,534)	685,660	(826,194)	(120.50)
Income Tax Expense	29,281	167,378	(138,097)	(82.51)
Net Income	(169,815)	518,282	(688,097)	(132.76)

Explanation of changes in each item with increase/decrease of more than 20%:

- The decrease in net revenue and cost of goods sold is primarily due to the global economic impact this year. Although shipment volumes have increased, overall unit prices have declined.
- The increase in non-operating income and expenses is primarily due to the effect of hyperinflation under IAS 29.
- The decrease in income tax expense is mainly due to the decrease in profit for the current year.
- In summary, this period's income before income tax decreased by NT\$826,194 thousand compared to the same period last year, and net income for this period decreased by NT\$688,097 thousand compared to the same period last year.

7.2.2 Budgeted Sales Volume in the Future and Its Basis

Unit: Metric Ton

Items	Budget in 2024	2023 Actual	Growth rate (%)
Stainless Steel Pipe/Tube	102,080	79,258	28.8
Stainless Steel Sheet/ Coil	98,230	73,704	33.3
Other Stainless Steel Products	4,110	2,402	71.1
Total	204,420	155,364	31.6

Basic theory:

Against the backdrop of gradually easing global inflation, slower pace of interest rate hikes, and active economic stimulus measures implemented by various countries, the overall industry is poised to benefit from the recovery of end-demand and propel the stainless steel market towards another period of prosperity. In the future, besides supplying products locally through overseas subsidiary, we will also continue to increase product added value to cope with the market changes. As for short-term annual sales targets, we will only make moderate adjustments to the product portfolio to maximize profits.

7.2.3 Potential impact on the Company's future financial operations and future countermeasures:
None.

7.3 Cash Flow Analysis

7.3.1 Cash Flow Analysis for the Most Recent Year

Unit: NT\$ thousands

Cash at the Beginning of the Year (January 1, 2023)	Net Cash Generated from Operating Activities	Net Cash Used in Investing Activities/ Generated from Financing Activities, Net	Cash Balance (Deficit), End of the Year	Remedial Measures for Cash Deficit	
				Investment Plans	Financing Plans
951,207	939,308	(563,987)	1,326,528	NA	NA

- Net cash generated from operating activities approximately 939,308 thousand: The current period's loss before income tax is 140,534 thousand. Other significant items include depreciation expenses of 354,050 thousand and a significant loss from hyperinflation of 825,360 thousand.
- Net cash used in investing activities approximately 1,090,783 thousand: Mainly due to the ongoing acquisition of property, plant, and equipment, as well as the prepayments for equipment.
- Net cash generated from financing activities approximately 526,796 thousand: Mainly due to continued borrowing of bank loans to meet operational needs and the payment of cash dividends of 669,309 thousand.
- Remedial measures for insufficient liquidity: Not applicable.

7.3.2 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Cash at the Beginning of the Year (January 1, 2024)	Estimated Net Cash flow from Operating Activities	Estimated Net Cash flow from Investing Activities and Financing Activities	Estimated Cash Balance (Deficit), End of the Year	Remedial Measures for Cash Deficit	
				Investment Plans	Investment Plans
688,845	653,281	(767,933)	574,193	NA	NA

- Net cash generated from operating activities: Primarily generated from net income.
- Net cash used in investing activities: Mainly due to the continuous procurement of property, plant, and equipment.
- Net cash generated from financing activities: Mainly from borrowing and repayment of long and short-term bank loans, and payment of cash dividends.
- Remedial measures for insufficient liquidity: Not applicable.

7.4 Impact of Major Capital Expenditure on the Company's Finance and Business

7.4.1 Uses of major capital expenditure and sources of funds

Unit: NT\$ thousands

Project	Actual or Planned Source of Funds	Actual or Scheduled Date of Completion	Total Funds Need	Actual or Planned Capital Expenditure	
				2023	2024
Acquisition of property, plant and equipment	Equity or Financing	2023~2024	3,594,167	1,210,149	2,384,018

Note: Due to the stable profitability of the Company in recent years, sufficient working capital, and good relationship with financial institutions, the major capital expenditures listed above have no impact on the Company's finance and business.

7.5 Investment Policies, Major Causes for Profit or Loss and Improvement Plans in the Most Recent Year, and Investment Plans for the Coming Year

7.5.1 Investment Policy

The Company's investment policy focuses on aligning with global economic trends and establishing overseas production bases to enhance its global competitiveness in the core business. Additionally, the Company seeks to identify promising industries for financial investments to generate synergies and increase investment returns.

The Company will continue to monitor and govern the financial and operational performance of its investment ventures, driving the invested companies to improve their business performance and enhance the investment benefits for the Company.

7.5.2 Major Causes for Profit or Loss, Improvement Plans for the Most Recent Year and Investment Plans for the Coming Year:

As of December 31, 2023 / Unit: NT\$ thousands

Description Item	Original Investment Amount	Policy	Cause for Profit or Loss	Improvement Plan	Future Investment Plan
Ji-Mao Investment Co., Ltd. (Note 1)	100,120	Non-operating investment	Diversified investment	Not applicable	—
YC INOX TR Çelik Sanayi ve Ticaret A.Ş. (Note 1)	7,562,295	Development of overseas business, enhance competitiveness and operating performance	Currently, its production has not reached the level of economies of scale	Not applicable	(Note 2)
AltruBio Inc.	533,107	Non-operating investment	Research & development phrase, operation is stable	Not applicable	—
Gongwin Biopharm Holdings Co., Ltd.	540,303	Non-operating investment	Research & development phrase, operation is stable	Not applicable	—

Note 1: Subsidiary of the Company.

Note 2: Established in February of 2019. Currently, the first phase project is in operation. The consolidated net revenue is gradually growing. The second phase project has been officially contracted and construction has commenced.

7.6 Risk Management and Evaluation

7.6.1 Impacts of Interest Rate and Foreign Exchange Rate Fluctuation, Inflation on Profit and Loss of the Company, and Future Countermeasures thereof:

A. Interest Rate Fluctuation:

Unit: NT\$ thousands

Item \ Year	2022	2023
Debt to Assets Ratio (%)	47.02	51.13
Interest Expense	81,477	143,734
Income from Operations	947,907	338,974
Interest Expense to Income from Operations (%)	8.60	42.40

The Company relies on a relatively low proportion of borrowed funds, with approximately 48.87% being self-financed. In 2023, the interest expense is approximately NT\$143.734 million, accounting for 42.40% of the Income from Operations. Therefore, the impact of interest rate fluctuations on the Company's profitability is limited.

The Company maintains close communication with various financial institutions and continuously gathers information on interest rate changes. By closely monitoring the trends, the Company aims to mitigate the negative impact of interest rate fluctuations. In the future, the Company will leverage various financing tools effectively to raise funds for operational needs.

B. Foreign Exchange Rate Fluctuation:

The Company is dedicated to expanding its export markets, making the exchange rate fluctuations between the US dollar and the New Taiwan Dollar directly and indirectly impact the Company's financial performance. Additionally, due to the significant volatility of the Turkish Lira, the policy of the Turkish subsidiary is to hold primarily US dollar deposits to mitigate the risk of sharp devaluation in Turkish Lira. However, since the financial statements of the Turkish subsidiary are reported in Turkish Lira, the functional currency translation differences arising during the consolidation process still affect the financial statements of the Company.

When quoting prices to overseas customers, the Company must consider exchange rate trends to minimize the impact of exchange rate fluctuations on order profitability. The Company maintains foreign currency deposit accounts with banks to meet foreign currency funding needs and continuously monitors market exchange rate changes. Depending on the circumstances, the Company adjusts its foreign currency holdings accordingly.

If necessary, the Company can effectively utilize financial instruments such as forward foreign exchange contracts and the sale of foreign account receivables to mitigate exchange rate risks. These activities are carried out in accordance with the procedures for derivative financial instruments to enhance risk management.

C. Inflation:

In Taiwan, the Consumer Price Index (CPI) for the year 2023 increased by 2.49% compared to the year 2022. The Company closely monitors the fluctuations in market prices of various raw materials and maintains good interaction with suppliers and customers. It adjusts prices timely to mitigate the impact of inflation on the Company's profitability.

Furthermore, in the year 2023, the domestic price level in Turkey increased significantly, with a CPI growth of 60.19% compared to the year 2022. However, as the procurement of major raw materials, consumables, plant and equipment, as well as product sales of the Turkish subsidiary, are mostly denominated in US dollars, the impact of inflation on the purchasing power of the Turkish lira or the adverse effects on order placement is relatively limited.

With the fluctuation of international prices of petroleum and other commodities, prices also fluctuate accordingly. The Company closely monitors inflationary conditions and makes appropriate adjustments to product prices and raw material inventories to mitigate the impact of inflation on the Company.

7.6.2 Policies for engaging in high-risk and high-leverage investments, lending funds to others, endorsements and guarantees, and derivatives trading, the main reasons for transaction profit or loss, and future countermeasures:

1. The Company did not engage in any high-risk and high-leverage investments in 2023.
2. On December 31, 2023, the Company had a remaining available balance of NT\$1,600,000 thousand in lending funds to others. It was provided to a subsidiary as short-term funding, and all operations were conducted in accordance with the "Procedures of Lending Funds to Other Parties" and relevant laws and regulations. The loan amount to others did not exceed the prescribed limit
3. The balance of the Company's endorsement and guarantee on December 31, 2023 was NT\$320,000 thousand, which was a guarantee of bank financing for a subsidiary. All operations were handled in accordance with the "Procedures of Endorsement and Guarantee" and related laws and regulations, and the amount of the endorsement /guarantee did not exceed the limit.
4. In principle, trading of derivatives should be aimed at avoiding the risks that may arise from operations. Derivatives that the Company is allowed to engage in are mainly forward foreign exchange contracts, other types of derivatives will be avoided on the basis of financial conservativeness and steady. In 2023, the Company did not engage in derivative transactions, if there is a demand in the future, it will be processed within the prescribed limit in accordance with relevant measures.

7.6.3 Future research and development projects and expected research and development expenditure:

The Company is engaged in the stainless steel processing industry, with a research and development focus on improving processing techniques and enhancing machinery, equipment, and production processes. The research and development of product processing techniques are undertaken by the production unit, which will continue to strengthen process efficiency, introduce energy-saving and environmentally friendly technologies, and strive towards automation goals.

7.6.4 Impact on the Company's finance and business due to changes in important domestic/foreign policies and laws and future countermeasures thereof:

The Company closely monitors recent domestic and international policy and legal changes through various information channels and is capable of taking timely and appropriate measures in response. Therefore, these changes have not had a significant impact on the Company's financial operations.

7.6.5 Impact of Technology Changes, including cybersecurity risks, and Market Changes on the Company's Finances and Business, and Countermeasures:

The Company is actively investing resources in information and communication security management to adapt to technological changes. We have obtained ISO 27001 certification for Information Security Management Systems (ISMS). The Company also emphasizes security education and training to enhance employees' awareness of information security, and strengthen the implementation of security protection systems. The results of the information and communication security management and execution were reported to the Board of Directors in December 2023.

The Company's main business is the manufacturing and trading of stainless steel pipe/tube and sheet/coil, and other stainless steel products. Due to the wide variety and extensive use of stainless steel products in industries such as machinery, household appliances, electrical engineering, construction materials, metal furniture, and construction, the demand for these products remains stable. The Company continuously improves process automation and efficiency to maintain a competitive advantage in product quality. It also actively explores new overseas markets and customers to adapt to changes in the industry.

7.6.6 Impact on the Company's crisis management due to changes in corporate image and future countermeasures thereof:

The Company is committed to operating with integrity, transparency, and responsibility, adhering to the principles of ethical business practices. It has established robust corporate governance and risk management mechanisms to create a sustainable business environment. The Company maintains a strong corporate image and does not anticipate any foreseeable crisis situations.

7.6.7 Expected benefits and potential risks related to mergers and acquisitions:

The Company currently has no M&A plans.

7.6.8 Expected benefits and potential risks related to plant expansion:

The Company currently has no plans to expand its domestic production facilities. However, in pursuit of sustainable growth and operations, the Group has established a subsidiary in Türkiye. The first phase project, which includes the stainless steel service center and stainless steel tube mill, has already commenced production and sales, with consolidated net revenue gradually growing. The second phase project involves the stainless steel pipe mill, has been contracted out, marking the commencement of construction. The investment in the Türkiye subsidiary is supported by the Company's own funds, and the potential risks associated with it are considered limited.

7.6.9 Risks related to concentration of purchases and sales:

The Company is primarily engaged in the manufacturing and trading of stainless steel pipe/tube and sheet/coil, and other stainless steel products. The main raw materials used are cold-rolled and hot-rolled stainless steel coil and sheet. Due to the characteristics of the stainless steel industry, a majority of the hot-rolled raw materials and special specifications are imported from foreign suppliers. For other categories, the Company procures from domestic manufacturers such as Yieh United Steel Corp. and Walsin Lihwa Corporation. These companies are reputable domestic producers of stainless steel coils, offering high-quality products, reasonable prices, and stable delivery. They are long-term partners of the Company. The procurement of raw materials is diversified among different suppliers or regions to ensure a reliable supply and reduce the risk of concentrated procurement.

The Company's sales are mainly focused on the export market, with a wide distribution of channels. There is no significant concentration of sales to a single customer, as no customer accounts for more than 10% of the total revenue. Therefore, there is no significant sales concentration risk.

7.6.10 Impact of major transfers or changes in shareholdings of directors or major shareholders with over 10% shareholding on the Company:

For the past three years and as of the publication date of this annual report, the shareholding transfers or changes of the Company's Directors or major shareholders with over 10% shareholding is not significant, the impact on the Company is limited.

7.6.11 Impact and risks of changes in management rights on the Company: None.

7.6.12 Litigious or non-litigious matters: List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any of its director, supervisor, president, person with actual responsibility for the company, major shareholder with over 10% shareholding, and/or any affiliated companies; and (2) have been concluded with a final judgment, or are still under litigation. Where such a dispute could materially affect shareholders' rights or share prices, the annual report shall provide the facts in issue, amount of money at issue, commencement date, litigants, and current status of the case as of the publication date of this annual report: None.

7.6.13 Other Significant Risks and countermeasures:

The execution status of risk management in 2023 of the Company, as well as the significant climate change risks and opportunities identified according to the recommendations of TCFD (Task Force on Climate-related Financial Disclosures), along with the resulting financial impacts, response strategies, and action plans, have been reported to the 18th board meeting, 17th session, held on December 29, 2023 and the 18th Audit Committee meeting, 3rd session and the 20th board meeting, 17th session, held on May 6, 2024, . The information has also been disclosed on the Company's website (<https://www.ycinox.com/tw/ir/ir-353>).

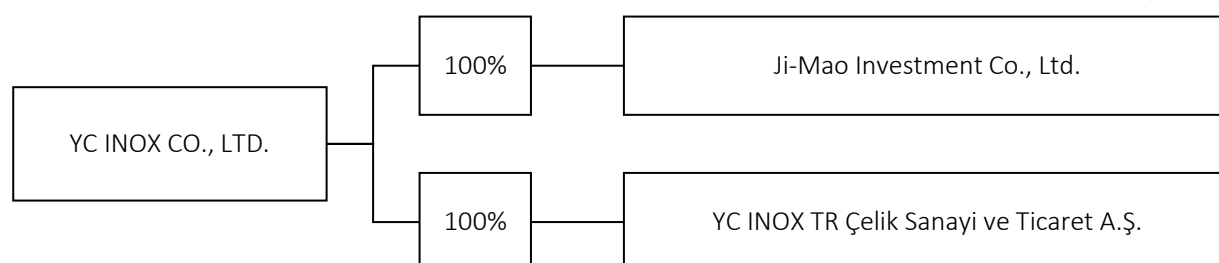
7.7 Other Important Matters: None.

VIII. Special Disclosures

8.1 Information of Affiliated Companies

8.1.1 Organization Chart of YC INOX and its Affiliated Companies

As of Dec. 31, 2023



8.1.2 Basic Information on Affiliated Companies

As of Dec 31, 2023
Unit: NT\$ thousands

Name of Company	Date of Establishment	Address	Paid-in Capital	Major Business/ Products
YC INOX Co., Ltd.	1973.01.31	No. 270, Sec. 4, Zhongshan Rd., Xizhou Township, Changhua County, Taiwan (R.O.C.)	4,475,783	Stainless steel pipe and tube, stainless steel plate and sheet, and stainless steel coil and other related products
Ji-Mao Investment Co., Ltd.	2000.09.04	No. 270, Sec. 4, Zhongshan Rd., Xizhou Township, Changhua County, Taiwan (R.O.C.)	100,000	Investment
YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	2019.02.15	ORGANIZE SANAYI B.LGESI MAH. 4 CAD. YC INOX TR CELIK BLOK NO: 10 /3 IC KAPI NO: 3 DILOVASI/ KOCAELI 41455 Türkiye	7,562,295 (TRY 3,684,887,800)	Stainless steel pipe and tube, stainless steel plate and sheet, and stainless steel coil and other related products

8.1.3 Information on common shareholders of companies with control or subordinate relationship: None.

8.1.4 Business Scopes of Affiliated companies

The business scopes of affiliated companies are as follows: Stainless steel pipe and tube, stainless steel plate and sheet, and stainless steel coil and other related products. For the detail of products, please refer to the Basic Information on Affiliated Companies.

Each affiliated company is an individual operating entity.

8.1.5 Directors, Supervisors and General Manager of YC INOX and its Affiliated Companies

As of Apr. 19, 2024

Company	Title	Name	Shareholding	
			Shares	Ownership
YC INOX Co., Ltd.	Chairman	Chang, Chin-Yu	20,761,774	4.42%
	Director	Representative of Tai-Chyang Investment Co., Ltd. : Chang, Chin-Peng	61,209,508 26,030,000	13.02% 5.54%
		Representative of Chin Ying Fa Mechanical Ind Co., Ltd. : Shih, Ya-Hui	6,898,000 2,611,127	1.47% 0.56%
		Hsieh, Ming-Hong	2,452,072	0.52%
		Chang, Po-Kai	6,834,549	1.45%

Company	Title	Name	Shareholding	
			Shares	Ownership
YC INOX Co., Ltd.	Independent Director	Pan, Cheng-Hsiung	271,458	0.06%
		Chen, Tai-Shan	135,513	0.03%
		Kuo, Chao-Sung	417,884	0.09%
		Chang, Wei-Lun	20,000	0
Ji-Mao Investment Co., Ltd.	Chairman	Chang, Chin-Yu (Representative of YC INOX Co., Ltd.)	10,000,000	100%
	Director	Chan, Lieh-Lin (Representative of YC INOX Co., Ltd.)		
		Chang, Po-Kai (Representative of YC INOX Co., Ltd.)		
	Supervisors	Chang, Jung-Wei (Representative of YC INOX Co., Ltd.)		
YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	Chairman	Chang, Chin-Yu (Representative of YC INOX Co., Ltd.)	3,900 (Note)	100%
	Director	Chang, Po-Kai (Representative of YC INOX Co., Ltd.)		

Note: Each share is 1,000 thousand Turkish Lira, totaling 3,900 shares.

8.1.6 Affiliates' Operating Highlights

As of Dec. 31, 2023

Unit: NT\$ thousands

Name of Company	Paid-in Capital	Total Assets	Total Liabilities	Total Equity	Net Revenue	Income from Operations	Net Income	Earnings Per Share (NT\$)
YC INOX Co., Ltd.	4,700,024	18,122,632	9,172,463	8,950,169	13,624,052	506,195	(169,815)	(0.38)
Ji-Mao Investment Co., Ltd.	100,000	260,891	70,193	190,698	0	(170)	(1,785)	(0.18)
YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	7,562,295	6,072,707	121,563	5,951,144	1,615,408	(167,117)	(689,068)	(210,331.65)

8.1.7 Consolidated Financial Report of the Company and Affiliates

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10, "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

8.1.8 Affiliation report: None.

8.2 Private Placement of Securities in the Most Recent Year up to the Publication Date of this Annual Report: None.

8.3 Shares of the Company Held or Disposed of by Subsidiaries in the Most Recent Year up to the Publication Date of this Annual Report: None

8.4 Other Supplementary Matters: None.

8.5 In the most recent year up to the publication date of this annual report, any event which significantly affects shareholders' equity or share price pursuant to Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act: None.

Appendix

Consolidated Financial Statements

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

YC Inox Co., Ltd.

By

Chang, Chin-Yu
Chairman

March 8, 2024

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of YC Inox Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the 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 material accounting policy information (collectively referred to as the “consolidated financial statements”).

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 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of 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.

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, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated statements for the year ended December 31, 2023 is described as follows:

Inventory Valuation

The amount of inventory held by the Group is considered material to the consolidated financial statements; out of this amount, inventory is made based on the lower of cost and net realizable value of inventory. As the inputs and assumptions used in the determination of the net realizable value involve management's judgment, inventory assessment has been deemed a key audit matter. For the accounting policies, significant accounting judgments, estimates and uncertainty of assumptions related to inventory assessment as well as other related disclosures, refer to Notes 4, 5, and 10.

The main audit procedures performed with respect to the aforementioned key audit matter are as follows:

1. We obtained an understanding of and assessed the appropriateness of the Group's policies on the provision for inventory valuation loss and the related internal control procedures.
2. We obtained the inventory valuation report, selected samples and sampled and reviewed the correctness and reasonableness of the net realizable value.

Other Matter

We have also audited the parent company only financial statements of YC Inox 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 (including members 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 Standards on Auditing of 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 Standards on Auditing of 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 and appropriate audit evidence regarding the financial information of 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 audits resulting in this independent auditors' report are Done-Yuin Tseng and Shu-Chin Chiang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 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 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.

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 688,845	4	\$ 951,207	5
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	198,000	1	248,011	1
Notes receivable (Notes 4 and 20)	74,675	-	88,122	1
Trade receivables (Notes 4, 9, 20 and 27)	902,158	5	841,425	4
Other receivables (Note 4)	516,051	3	279,419	1
Inventories (Notes 4, 5 and 10)	4,075,158	22	5,172,264	26
Prepayments	1,186,159	7	1,546,255	8
Other current assets (Notes 4 and 28)	3,116	-	5,637	-
Total current assets	7,644,162	42	9,132,340	46
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,865,234	10	3,006,601	15
Property, plant and equipment (Notes 4 and 12)	6,906,175	38	6,043,505	31
Right-of-use assets (Notes 4 and 13)	10,548	-	14,781	-
Computer software (Notes 4 and 14)	7,944	-	8,597	-
Deferred tax assets (Notes 4 and 22)	467,954	2	301,099	2
Prepayments for equipment	1,068,459	6	869,611	4
Other non-current assets	343,913	2	287,248	2
Total non-current assets	10,670,227	58	10,531,442	54
TOTAL	\$ 18,314,389	100	\$ 19,663,782	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	\$ 5,751,078	31	\$ 4,824,074	24
Contract liabilities - current (Note 20)	432,997	2	407,896	2
Notes payable	494	-	556	-
Trade payables	116,005	1	192,793	1
Other payables (Notes 17 and 18)	273,323	1	539,823	3
Current tax liabilities (Notes 4 and 22)	119,823	1	327,177	2
Lease liabilities - current (Notes 4 and 13)	6,236	-	6,303	-
Current portion of long-term borrowings (Note 15)	471,429	3	160,714	1
Other current liabilities	38,349	-	48,347	-
Total current liabilities	7,209,734	39	6,507,683	33
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 16)	-	-	236	-
Bonds payable (Notes 4 and 16)	228,240	2	765,149	4
Long-term borrowings (Note 15)	1,844,048	10	1,882,143	10
Deferred tax liabilities (Notes 4 and 22)	2,614	-	2,614	-
Lease liabilities - non-current (Notes 4 and 13)	3,755	-	8,161	-
Net defined benefit liabilities - non-current (Notes 4 and 18)	41,284	-	51,148	-
Guarantee deposits received	34,545	-	30,385	-
Total non-current liabilities	2,154,486	12	2,739,836	14
Total liabilities	9,364,220	51	9,247,519	47
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Ordinary shares	4,475,783	25	4,453,799	23
Registered capital (pending change)	224,241	1	-	-
Capital surplus	2,302,582	13	2,005,108	10
Retained earnings				
Legal reserve	1,346,931	7	1,292,961	7
Unappropriated earnings	133,890	1	1,022,254	5
Other equity	466,742	2	1,642,141	8
Total equity	8,950,169	49	10,416,263	53
TOTAL	\$ 18,314,389	100	\$ 19,663,782	100

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

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
NET REVENUE (Notes 4, 20 and 27)	\$ 15,232,177	100	\$ 16,840,315	100
OPERATING COSTS (Notes 5, 10 and 21)	<u>14,131,203</u>	<u>93</u>	<u>14,663,502</u>	<u>87</u>
GROSS PROFIT	<u>1,100,974</u>	<u>7</u>	<u>2,176,813</u>	<u>13</u>
OPERATING EXPENSES (Note 21)				
Selling and marketing expenses	483,845	3	906,087	5
General and administrative expenses	<u>278,155</u>	<u>2</u>	<u>322,819</u>	<u>2</u>
Total operating expenses	<u>762,000</u>	<u>5</u>	<u>1,228,906</u>	<u>7</u>
INCOME FROM OPERATIONS	<u>338,974</u>	<u>2</u>	<u>947,907</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Finance costs (Notes 4 and 21)	(143,734)	(1)	(81,477)	(1)
Interest income	14,533	-	6,098	-
Other gains and losses, net (Notes 4, 21 and 27)	(803,664)	(5)	(534,228)	(3)
Foreign exchange gain, net	428,969	3	366,070	2
Gain (loss) on fair value changes of financial instruments at fair value through profit or loss	30,205	-	(19,111)	-
(Loss) gain on disposal of property, plant and equipment	<u>(5,817)</u>	<u>-</u>	<u>401</u>	<u>-</u>
Total non-operating income and expenses	<u>(479,508)</u>	<u>(3)</u>	<u>(262,247)</u>	<u>(2)</u>
NET (LOSS) PROFIT BEFORE INCOME TAX	(140,534)	(1)	685,660	4
INCOME TAX EXPENSE (Notes 4 and 22)	<u>29,281</u>	<u>-</u>	<u>167,378</u>	<u>1</u>
NET (LOSS) PROFIT	<u>(169,815)</u>	<u>(1)</u>	<u>518,282</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	5,912	-	16,011	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(1,141,368)	(8)	312,952	2
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 22)	<u>(1,182)</u>	<u>-</u>	<u>(8,669)</u>	<u>-</u>
	<u>(1,136,638)</u>	<u>(8)</u>	<u>320,294</u>	<u>2</u>

(Continued)

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ (42,538)	-	\$ 1,031,005	6
Income tax related to items that may be reclassified subsequently to profit or loss (Note 22)	8,507	-	(206,201)	(1)
	<u>(34,031)</u>	<u>-</u>	<u>824,804</u>	<u>5</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(1,170,669)</u>	<u>(8)</u>	<u>1,145,098</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ (1,340,484)</u>	<u>(9)</u>	<u>\$ 1,663,380</u>	<u>10</u>
EARNINGS (LOSS) PER SHARE (Note 23)				
Basic	<u>\$ (0.38)</u>		<u>\$ 1.16</u>	
Diluted	<u>\$ (0.38)</u>		<u>\$ 1.09</u>	

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

(Concluded)

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	<u>Ordinary Shares (Note 19)</u>		<u>Capital Surplus (Note 19)</u>	<u>Retained Earnings (Note 19)</u>		<u>Other Equity (Note 4)</u>		<u>Total Equity</u>
	<u>Capital Stock Ordinary Shares</u>	<u>Registered Capital Pending Change</u>		<u>Legal Reserve</u>	<u>Unappropriated Earnings</u>	<u>Exchange Differences on Translating Foreign Operations</u>	<u>Unrealized gain (loss) on Financial Assets at Fair Value through Other Comprehensive Income</u>	
BALANCE AT JANUARY 1, 2022	\$ 4,445,345	\$ 1,080	\$ 1,994,700	\$ 1,166,385	\$ 1,276,096	\$ (1,012,464)	\$ 1,530,923	\$ 9,402,065
Appropriation of 2021 earnings								
Legal reserve	-	-	-	126,576	(126,576)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(666,964)	-	-	(666,964)
Net profit for the year ended December 31, 2022	-	-	-	-	518,282	-	-	518,282
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	12,809	824,804	307,485	1,145,098
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	531,091	824,804	307,485	1,663,380
Convertible bonds converted to ordinary shares	8,454	(1,080)	10,408	-	-	-	-	17,782
Disposal of investments in equity instruments at fair value through other comprehensive income by subsidiaries	-	-	-	-	8,607	-	(8,607)	-
BALANCE AT DECEMBER 31, 2022	4,453,799	-	2,005,108	1,292,961	1,022,254	(187,660)	1,829,801	10,416,263
Appropriation of 2021 earnings								
Legal reserve	-	-	-	53,970	(53,970)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(669,309)	-	-	(669,309)
Net loss for the year ended December 31, 2023	-	-	-	-	(169,815)	-	-	(169,815)
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	4,730	(34,031)	(1,141,368)	(1,170,669)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(165,085)	(34,031)	(1,141,368)	(1,340,484)
Convertible bonds converted to ordinary shares	21,984	224,241	297,474	-	-	-	-	543,699
BALANCE AT DECEMBER 31, 2023	\$ 4,475,783	\$ 224,241	\$ 2,302,582	\$ 1,346,931	\$ 133,890	\$ (221,691)	\$ 688,433	\$ 8,950,169

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

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ (140,534)	\$ 685,660
Adjustments for:		
Depreciation expense	354,050	331,036
Amortization expense	5,920	4,110
(Gain) loss on financial instruments at fair value through profit or loss, net	(30,205)	19,111
Finance costs	143,734	81,477
Interest income	(14,533)	(6,098)
Dividend income	(14,038)	(10,425)
Gain on lease modification	-	(29)
Loss (gain) on disposal of property, plant and equipment	5,817	(401)
Write-down of inventories	11,140	377,105
Loss (gain) on foreign currency exchange, net	21,226	(28,063)
Effect of hyperinflation	825,360	570,860
Changes in operating assets and liabilities:		
Notes receivable	13,387	78,098
Trade receivables	(94,106)	393,133
Other receivables	(269,605)	14,570
Inventories	711,705	1,017,311
Prepayments	27,083	(698,397)
Other current assets	2,574	(2,629)
Contract liabilities	35,654	(110,308)
Notes payable	(62)	(14,001)
Trade payables	(70,203)	(577,619)
Other payables	(77,002)	(83,602)
Other current liabilities	(2,172)	17,501
Net defined benefit liabilities	(3,952)	(4,098)
Cash generated from operations	1,441,238	2,054,302
Interest received	14,533	6,098
Dividends received	14,038	10,425
Interest paid	(134,134)	(72,299)
Income tax paid	(396,367)	(388,130)
Net cash generated from operating activities	939,308	1,610,396
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	-	(39,771)
Disposal of financial assets at fair value through other comprehensive income	79,980	12,533
Acquisition of property, plant and equipment	(801,271)	(1,034,925)
Proceeds from disposal of property, plant and equipment	42,868	15,248
Decrease (increase) in refundable deposits	862	(2,676)
Acquisition of computer software	(5,244)	(6,281)
Decrease in other non-current assets	900	-
Increase in prepayments for equipment	(408,878)	(327,987)
Net cash used in investing activities	(1,090,783)	(1,383,859)

(Continued)

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 19,722,566	\$ 20,216,918
Repayments of short-term borrowings	(18,795,562)	(20,951,537)
Proceeds from long-term borrowings	1,000,000	1,400,000
Repayments of long-term borrowings	(727,380)	(257,143)
Increase (decrease) in guarantee deposits received	4,160	(245)
Repayments of the principal portion of lease liabilities	(7,679)	(7,144)
Cash dividends paid to owners of the Company	<u>(669,309)</u>	<u>(666,964)</u>
Net cash generated from (used in) financing activities	<u>526,796</u>	<u>(266,115)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(637,683)</u>	<u>(405,292)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(262,362)	(444,870)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>951,207</u>	<u>1,396,077</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 688,845</u>	<u>\$ 951,207</u>

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

(Concluded)

YC INOX CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 8 2024.

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

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

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the aforementioned standards or interpretations has been evaluated by the Group and will not cause significant impact to its financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS Accounting Standards as endorsed and issued into effect by the FSC.

- b. Basis of preparation

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

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

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

- 3) Level 3 inputs are unobservable inputs for the asset or liability.
- c. Classification of current and noncurrent assets and liabilities
- Current assets include:
- 1) Assets held primarily for the purpose of trading;
 - 2) Assets expected to be realized within 12 months after the reporting period; and
 - 3) Cash and cash equivalents, unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

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

See Note 11 and Table 6 for the detailed information on subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not retranslated.

For the purpose of presenting the consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries in other countries or those that use currencies different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

f. Hyperinflation

Beginning April 21, 2022, Turkey's economy qualifies as hyperinflationary, according to the criteria established in the IAS 29 "Financial information in hyperinflationary economies". As specified in IAS 29, the financial statements of Turkish subsidiaries have been measured in terms of the current unit of measurement at the balance sheet date, which leads to a gain or loss on the net monetary position included in the profit or loss.

The Group has not applied hyperinflationary accounting to restate comparative financial information presented in NTD, which is the Group's functional currency unmodified as IAS 29. Moreover, the adoption of IAS 29 in Turkish subsidiaries requires assets and liabilities as well as the items in the income statement to be restated using the closing exchange rate at period end, leading to the effect of hyperinflation adjustments included in other comprehensive income.

g. Inventories

Inventories consist of raw materials, work-in-process, semi-finished goods, finished goods, and merchandise and are stated at the lower of cost and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

h. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Computer software

1) Computer software acquired separately

Computer software with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of computer software

On derecognition of computer software, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use assets and computer software

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and computer software, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets held by the Group are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, investments in debt instruments at fair value through other comprehensive income (FVTOCI) and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables, other receivables, pledged time deposits, and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amounts of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and investments in debt instruments that are measured at FVTOCI.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading. Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid is recognized in profit or loss.

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - other.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the liability component are included in the carrying amount of the liability component. Transaction costs relating to the equity component are recognized directly in equity.

l. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the sales of goods comes from sales of stainless steel sheets, coils and pipes. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location/the goods are shipped/the goods are picked up because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

m. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. Lease liabilities are presented on a separate line in the consolidated balance sheets.

n. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key Sources of Estimation Uncertainty - Write-down of Inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 1,517	\$ 1,043
Checking accounts and demand deposits	687,328	796,557
Cash equivalents (investments with original maturities of 3 months or less)	<u>-</u>	<u>153,607</u>
	<u>\$ 688,845</u>	<u>\$ 951,207</u>
<u>Annual interest rate (%)</u>		
Demand deposits	0.00-1.45	0.00-1.05
Time deposits	-	4

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Current</u>		
Financial assets mandatorily measured at FVTPL		
Domestic listed shares	\$ 198,000	\$ 248,011

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

	December 31	
	2023	2022
<u>Investments in equity instruments</u>		
Foreign investments		
Unlisted shares	\$ 277,645	\$ 277,645
Domestic investments		
Emerging market shares	1,587,589	2,728,956
	<u>\$ 1,865,234</u>	<u>\$ 3,006,601</u>

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

9. TRADE RECEIVABLES

	December 31	
	2023	2022
At amortized cost		
Gross carrying amount	\$ 880,613	\$ 831,620
Less: Allowance for impairment loss	(2,242)	(2,242)
	878,371	829,378
At FVTOCI	23,787	12,047
	<u>\$ 902,158</u>	<u>\$ 841,425</u>

a. At amortized cost

The credit period of sales of goods is 30 to 150 days. No interest was charged on trade receivables. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own trading records to rate its customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

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

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

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

The loss allowance of trade receivables of the Group was as follows:

	Not Past Due	Past Due 1-60 Days	Past Due 61-120 Days	Past Due 121-180 Days	Past Due More than 180 Days	Total
<u>December 31, 2023</u>						
Expected credit loss rate (%)	0	6.75-17.31	13.71-17.86	16.23-16.96	100	
Gross carrying amount	\$ 815,887	\$ 64,724	\$ 2	\$ -	\$ -	\$ 880,613
Loss allowance	-	(2,242)	-	-	-	(2,242)
Amortized cost	<u>\$ 815,887</u>	<u>\$ 62,482</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 878,371</u>
<u>December 31, 2022</u>						
Expected credit loss rate (%)	0	0-5.26	2.96-15.73	4.35-15.21	100	
Gross carrying amount	\$ 731,329	\$ 100,275	\$ 16	\$ -	\$ -	\$ 831,620
Loss allowance	-	(2,242)	-	-	-	(2,242)
Amortized cost	<u>\$ 731,329</u>	<u>\$ 98,033</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 829,378</u>

The movements of loss allowance of trade receivables were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1 and December 31	<u>\$ 2,242</u>	<u>\$ 2,242</u>

b. At FVTOCI

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

As of December 31, 2023 and 2022, the Group had no overdue trade receivables, and no impairment loss was recognized within the respective aging ranges.

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

10. INVENTORIES

	December 31	
	2023	2022
Raw materials	\$ 1,434,565	\$ 2,056,274
Work in progress	107,113	93,197
Semi-finished goods	373,650	402,878
Finished goods	2,145,570	2,594,961
Merchandise	<u>14,260</u>	<u>24,954</u>
	<u>\$ 4,075,158</u>	<u>\$ 5,172,264</u>

Operating costs related to inventory for the years ended December 31, 2023 and 2022 were \$14,122,272 thousand and \$14,662,027 thousand, respectively. The cost of goods sold included the loss on inventory write-downs of \$11,140 thousand and \$377,105 thousand, respectively.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Proportion of Ownership (%)	
		December 31, 2023	December 31, 2022
The Company	Chi Mao Investment Co., Ltd. (Chi Mao Company)	100	100
	YC INOX TR CELIK SANAYI VE TICARET A.S. (YC INOX TR Company)	100	100

For the nature of activities of the subsidiaries listed above, refer to Table 6.

The Company invested \$1,628,341 thousand and \$3,286,873 thousand in YC INOX TR Company, which engaged in seasoned equity offerings for the years ended December 31, 2023 and 2022, respectively. The aforementioned investments have been approved by the Overseas Chinese and Foreign Investment Commission of the Ministry of Economic Affairs (MOEA). Among the investments, the Company has been planning to increase the investment in YC INOX TR Company by TRY820,000 thousand, which was approved by the Company's board of directors in November 2022 and subsequently invested \$641,560 thousand, \$306,850 thousand and \$415,381 thousand, equivalent to TRY372,142 thousand, TRY187,555 thousand and TRY260,303 thousand in November 2022, January 2023 and February 2023, respectively. The aforementioned investments have been approved by the MOEA.

The Group has been planning to increase the investment in YC INOX TR Company by TRY900,000 thousand, which was approved by the Company's board of directors in May 2023, and subsequently invested \$430,360 thousand, \$314,200 thousand and \$161,550 thousand, equivalent to TRY272,646 thousand, TRY269,329 thousand and TRY142,913 thousand in May 2023, August 2023 and November 2023, respectively. The remaining investments were remitted from Taiwan in January 2024 amounting to \$221,464 thousand equivalent to TRY215,112 thousand. The aforementioned investments were approved by the MOEA.

The share of profit or loss and other comprehensive income of the subsidiaries accounted for using the equity method for the years ended December 31, 2023 and 2022 were recognized based on the subsidiaries' financial statements which have been audited for the same period.

12. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2023						
	Land	Buildings	Machinery and Equipment	Other equipment	Construction in progress	Total
<u>Cost</u>						
Balance at January 1, 2023	\$ 2,318,756	\$ 1,497,060	\$ 3,185,073	\$ 1,229,703	\$ 886,641	\$ 9,117,233
Additions	17,272	82,358	141,982	103,039	363,436	708,087
Disposals	-	(46)	(19,936)	(92,316)	-	(112,298)
Reclassification	-	368,546	105,130	17,971	(366,339)	125,308
Effects of foreign currency exchange differences and inflation adjustments	(11,954)	580,121	283,613	14,685	(389,797)	476,668
Balance at December 31, 2023	<u>\$ 2,324,074</u>	<u>\$ 2,528,039</u>	<u>\$ 3,695,862</u>	<u>\$ 1,273,082</u>	<u>\$ 493,941</u>	<u>\$ 10,314,998</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ 654,788	\$ 1,888,623	\$ 530,317	\$ -	\$ 3,073,728
Additions	-	81,333	167,271	98,898	-	347,502
Disposals	-	(26)	(17,656)	(45,931)	-	(63,613)
Effects of foreign currency exchange differences and inflation adjustments	-	9,541	37,918	3,747	-	51,206
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 745,636</u>	<u>\$ 2,076,156</u>	<u>\$ 587,031</u>	<u>\$ -</u>	<u>\$ 3,408,823</u>
Carrying amount at December 31, 2023	<u>\$ 2,324,074</u>	<u>\$ 1,782,403</u>	<u>\$ 1,619,706</u>	<u>\$ 686,051</u>	<u>\$ 493,941</u>	<u>\$ 6,906,175</u>
For the Year Ended December 31, 2022						
	Land	Buildings	Machinery and Equipment	Other equipment	Construction in progress	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 2,157,132	\$ 1,482,722	\$ 2,631,388	\$ 950,326	\$ 393,831	\$ 7,615,399
Additions	-	14,338	539,619	284,918	311,841	1,150,716
Disposals	-	-	(64,789)	(18,831)	-	(83,620)
Reclassification	-	-	67,390	10,696	-	78,086
Effects of foreign currency exchange differences	161,624	-	11,465	2,594	180,969	356,652
Balance at December 31, 2022	<u>\$ 2,318,756</u>	<u>\$ 1,497,060</u>	<u>\$ 3,185,073</u>	<u>\$ 1,229,703</u>	<u>\$ 886,641</u>	<u>\$ 9,117,233</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ -	\$ 586,798	\$ 1,791,190	\$ 447,474	\$ -	\$ 2,825,462
Additions	-	67,990	167,320	89,663	-	324,973
Disposals	-	-	(62,520)	(6,253)	-	(68,773)
Effects of foreign currency exchange differences	-	-	(7,367)	(567)	-	(7,934)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 654,788</u>	<u>\$ 1,888,623</u>	<u>\$ 530,317</u>	<u>\$ -</u>	<u>\$ 3,073,728</u>
Carrying amount at December 31, 2022	<u>\$ 2,318,756</u>	<u>\$ 842,272</u>	<u>\$ 1,296,450</u>	<u>\$ 699,386</u>	<u>\$ 886,641</u>	<u>\$ 6,043,505</u>

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

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

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

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

No impairment assessment was performed for the years ended December 31, 2023 and 2022 as there was no indication of impairment.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Right-of-use assets carrying amount		
Land	\$ 2,295	\$ 2,623
Buildings	400	800
Transportation equipment	5,902	6,480
Other equipment	<u>1,951</u>	<u>4,878</u>
	<u>\$ 10,548</u>	<u>\$ 14,781</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 4,135</u>	<u>\$ 16,922</u>
Depreciation of right-of-use assets		
Land	\$ 328	\$ 274
Buildings	400	400
Transportation equipment	2,893	2,563
Other equipment	<u>2,927</u>	<u>2,826</u>
	<u>\$ 6,548</u>	<u>\$ 6,063</u>

The Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
Lease liabilities carrying amount		
Current	\$ 6,236	\$ 6,303
Non-current	<u>3,755</u>	<u>8,161</u>
	<u>\$ 9,991</u>	<u>\$ 14,464</u>

Discount rates for lease liabilities were as follows:

	December 31	
	2023	2022
Land	2.20%	2.20%
Buildings	1.15%	1.15%
Transportation equipment	16.50%-28.00%	16.50%-28.00%
Other equipment	2.60%	2.60%

c. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating short-term leases	<u>\$ 2,600</u>	<u>\$ 923</u>
Expenses relating to low value asset leases	<u>\$ 933</u>	<u>\$ 1,213</u>
Total cash outflow for leases	<u>\$ 11,212</u>	<u>\$ 9,280</u>

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

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

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

14. COMPUTER SOFTWARE

	For the Year Ended December 31, 2023				
	Balance, Beginning of the Year	Additions	Disposals	Effects of Foreign Currency Exchange Differences and Inflation Adjustments	Balance, End of the Year
Cost	\$ 14,840	<u>\$ 5,244</u>	<u>\$ -</u>	<u>\$ (540)</u>	\$ 19,544
Accumulated amortization	<u>6,243</u>	<u>\$ 5,920</u>	<u>\$ -</u>	<u>\$ (563)</u>	<u>11,600</u>
	<u>\$ 8,597</u>				<u>\$ 7,944</u>

For the Year Ended December 31, 2022					
	Balance, Beginning of the Year	Additions	Disposals	Effects of Foreign Currency Exchange Differences and Inflation Adjustments	Balance, End of the Year
Cost	\$ 9,903	<u>\$ 6,281</u>	<u>\$ (1,266)</u>	<u>\$ (78)</u>	\$ 14,840
Accumulated amortization	<u>3,543</u>	<u>\$ 4,110</u>	<u>\$ (1,266)</u>	<u>\$ (144)</u>	<u>6,243</u>
	<u>\$ 6,360</u>				<u>\$ 8,597</u>

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

15. BORROWINGS

a. Short-term borrowings

December 31		
	2023	2022
Letter of credit borrowings and export bills	\$ 2,181,078	\$ 1,254,074
Line of credit borrowings	<u>3,570,000</u>	<u>3,570,000</u>
	<u>\$ 5,751,078</u>	<u>\$ 4,824,074</u>
<u>Annual interest rate range (%)</u>		
Letter of credit borrowings and export bills	1.75-1.83	1.18-6.21
Line of credit borrowings	1.53-2.33	1.22-2.24

b. Long-term borrowings

December 31		
	2023	2022
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ 2,315,477	\$ 2,042,857
Less: Current portion	<u>(471,429)</u>	<u>(160,714)</u>
Long-term borrowings	<u>\$ 1,844,048</u>	<u>\$ 1,882,143</u>
Annual interest rate range (%)	1.66-1.74	1.43-1.80

The line of credit borrowings of the Group will be repaid in New Taiwan dollars. The borrowings are repayable in installments or paid in one lump sum upon maturity at varying amounts from January 2024 to August 2028.

16. BONDS PAYABLE

	December 31	
	2023	2022
3 rd domestic unsecured convertible bonds	\$ <u>228,240</u>	\$ <u>765,149</u>

On December 15, 2020, the Company issued 5-year, 0% NTD-denominated unsecured convertible bonds in Taiwan for \$1,000,000 thousand, and the maturity date of the bonds is December 15, 2025. Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$26.5, which shall be later adjusted in accordance with the formula started in the Anti-dilution provisions of the “Rules and conditions of issuance and conversion of the 3rd domestic unsecured corporate bonds” (as of December 31, 2023, the conversion price has been adjusted to \$22.4). Three months from the date of issuance of the convertible bonds (March 16, 2021) to 40 days before the maturity date (November 5, 2025), if the closing share price of the Company exceeds 30% of the prevailing conversion price for 30 consecutive business days or the outstanding balance falls lower than 10% of the original total issuance amount, the Company may redeem the bonds in cash at face value. In addition, holders may request to sell the bonds they hold back to the Company at any time within 30 days before the expiry of the third year from the date of issuance (December 15, 2023).

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

As of December 31, 2023, the face value of the bonds payable converted by the holders was \$767,600 thousand.

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

	Debt Instrument for Master Contracts	
	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 765,149	\$ 775,775
Amortization of discount this year	6,790	7,156
Converted into ordinary shares this year	<u>(543,699)</u>	<u>(17,782)</u>
Balance at December 31	\$ <u>228,240</u>	\$ <u>765,149</u>

Derivative instruments - put options (financial liabilities)

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 236	\$ 966
Changes in fair value	<u>(236)</u>	<u>(730)</u>
Balance at December 31	\$ <u>-</u>	\$ <u>236</u>

17. OTHER PAYABLES

	December 31	
	2023	2022
Payables for salaries and bonuses	\$ 91,513	\$ 141,153
Payables for acquisition of equipment	79,459	254,213
Payables for profit sharing bonus of employees and remuneration of directors	-	43,000
Payables for commission	2,761	3,022
Others	<u>99,590</u>	<u>98,435</u>
	<u>\$ 273,323</u>	<u>\$ 539,823</u>

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Chi Mao Company is an investment holding company; therefore, there is no retirement policy. YC INOX TR Company adopted a pension plan operated by the Social Security Institution. The pension plan requires the contribution of 20% of the payroll costs to fund the benefits. The Company is required to contribute 11% out of the 20%, while the employees contribute the remaining 9%.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 5% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 120,739	\$ 127,195
Fair value of plan assets	<u>(79,081)</u>	<u>(75,666)</u>
Net liabilities recognized in the consolidated balance sheets	41,658	51,529
Other payables	<u>(374)</u>	<u>(381)</u>
Net defined benefit liabilities	<u>\$ 41,284</u>	<u>\$ 51,148</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Liabilities Recognized in the Consolidated Balance Sheets
Balance at January 1, 2023	\$ 127,195	\$ (75,666)	\$ 51,529
Service cost			
Current service cost	172	-	172
Net interest expense (income)	<u>1,569</u>	<u>(956)</u>	<u>613</u>
Recognized in profit or loss	<u>1,741</u>	<u>(956)</u>	<u>785</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(727)	(727)
Actuarial loss - changes in financial assumptions	489	-	489
Actuarial gain - experience adjustments	<u>(5,674)</u>	<u>-</u>	<u>(5,674)</u>
Recognized in other comprehensive income	<u>(5,185)</u>	<u>(727)</u>	<u>(5,912)</u>
Contributions from the employer	-	(4,744)	(4,744)
Benefits paid	<u>(3,012)</u>	<u>3,012</u>	<u>-</u>
Balance at December 31, 2023	\$ 120,739	\$ (79,081)	\$ 41,658
Balance at January 1, 2022	\$ 150,641	\$ (79,000)	\$ 71,641
Service cost			
Current service cost	287	-	287
Net interest expense (income)	<u>1,035</u>	<u>(554)</u>	<u>481</u>
Recognized in profit or loss	<u>1,322</u>	<u>(554)</u>	<u>768</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,391)	(6,391)
Actuarial loss - changes in demographic assumptions	57	-	57
Actuarial gain - changes in financial assumptions	(6,339)	-	(6,339)
Actuarial gain - experience adjustments	<u>(3,338)</u>	<u>-</u>	<u>(3,338)</u>
Recognized in other comprehensive income	<u>(9,620)</u>	<u>(6,391)</u>	<u>(16,011)</u>
Contributions from the employer	-	(4,869)	(4,869)
Benefits paid	<u>(15,148)</u>	<u>15,148</u>	<u>-</u>
Balance at December 31, 2022	\$ 127,195	\$ (75,666)	\$ 51,529

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

- 2) Interest rate risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate	1.20%	1.25%
Expected rate of salary increase	2.00%	2.00%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate		
0.25% increase	\$ (2,416)	\$ (2,738)
0.25% decrease	\$ 2,492	\$ 2,828
Expected rate of salary increase/decrease		
0.25% increase	\$ 2,466	\$ 2,799
0.25% decrease	\$ (2,403)	\$ (2,725)

The sensitivity analysis previously presented may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plans for next year	\$ 4,643	\$ 4,996
Average duration of defined benefit obligation	8 years	8 years

19. EQUITY

a. Capital stock

	December 31	
	2023	2022
Authorized shares (in thousands of shares)	660,000	660,000
Authorized capital	\$ 6,600,000	\$ 6,600,000
Issued and paid shares (in thousands of shares)	447,578	445,380
Issued capital	\$ 4,475,783	\$ 4,453,799
Registered capital (pending change)	\$ 224,241	\$ -

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

b. Capital surplus

	December 31	
	2023	2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to capital</u>		
Additional paid-in capital	\$ 1,466,300	\$ 1,466,300
Issuance of convertible bonds	821,535	501,394
Interest premium payable on convertible bonds	5,239	5,239
<u>May not be used for any purpose</u>		
Share warrants of convertible bonds	<u>9,508</u>	<u>32,175</u>
	<u>\$ 2,302,582</u>	<u>\$ 2,005,108</u>

The capital surplus generated from the excess of the issuance price over the par value of capital stock, the conversion of bonds and interest premium payable on convertible bonds may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, limited to a certain percentage of the Company's capital surplus and to once a year.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended articles of incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for the distribution of dividends and bonuses to stockholders. For the policies on the distribution of profit-sharing bouns of employees and remuneration of directors, refer to Note 21.

In line with the current and future development plans, the Company's dividend policy stipulates that at least 50% of the accumulated unappropriated earnings should be distributed as dividends to shareholders, taking into consideration the investment environment, funding needs, and foreign and domestic competition. However, when the dividend is less than 0.5 dollars per share, the Company reserves the right to not distribute any dividends. Since the Company belongs to the traditional industry, and current operations have entered a mature and stable phase, cash dividends should take precedence over share dividends. In the case of distribution of share dividends, the amount of cash dividends distributed should not be lower than 20% of the total dividends distributed.

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

In June 2022, the shareholders of the Company held a meeting and resolved to amend the Articles of the Company to specify that when the special reserve is allocated from the net deduction of other equity accumulated in the previous period, if the undistributed surplus in the previous period is insufficient to allocate, the post-tax income plus items other than the after-tax net income of the current period will be added to the undistributed surplus of the current period for the allocation.

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meetings in June 2023 and 2022, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve appropriated	\$ 53,970	\$ 126,576
Cash dividends	\$ 669,309	\$ 666,964
Cash dividends per share (NT\$)	\$ 1.5	\$ 1.5

The Company's board of directors also proposed to distribute cash dividends of \$1 per share from the capital surplus in the board of directors' meeting on March 8, 2024, for a total of \$470,002 thousand.

The loss appropriation will be resolved by the shareholders in their meeting to be held in June 2024.

20. NET REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	\$ 15,199,737	\$ 16,835,705
Other operating revenue		
Revenue from sale of electricity	32,440	4,610
	<u>\$ 15,232,177</u>	<u>\$ 16,840,315</u>

Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and trade receivables	<u>\$ 976,833</u>	<u>\$ 929,547</u>	<u>\$ 1,408,090</u>
Contract liabilities			
Sale of goods	<u>\$ 432,997</u>	<u>\$ 407,896</u>	<u>\$ 518,204</u>

21. NET PROFIT

a. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on borrowings	\$ 135,026	\$ 72,523
Interest on short-term bills payable	354	30
Interest on lease liabilities	1,564	1,768
Interest on bonds payable	<u>6,790</u>	<u>7,156</u>
	<u>\$ 143,734</u>	<u>\$ 81,477</u>

b. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Rental income	\$ 30	\$ 30
Dividend income	14,038	10,425
Others	7,628	26,177
Loss on hyperinflation (e)	<u>(825,360)</u>	<u>(570,860)</u>
	<u>\$ (803,664)</u>	<u>\$ (534,228)</u>

c. Employee benefits expense, depreciation expense and amortization expense

	For the Year Ended December 31					
	2023			2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salaries expense	\$ 486,131	\$ 177,680	\$ 663,811	\$ 483,949	\$ 210,205	\$ 694,154
Post-employment benefits						
Defined contribution plans	20,948	7,441	28,389	20,727	6,229	26,956
Defined benefit plans	491	294	785	561	207	768
Remuneration of directors	-	2,350	2,350	-	15,600	15,600
Labor and health insurance expense	53,500	16,253	69,753	51,686	15,226	66,912
Other employee benefits	52,661	10,741	63,402	47,453	9,444	56,897
Depreciation expense	310,074	43,976	354,050	293,355	37,681	331,036
Amortization expense	578	5,342	5,920	378	3,732	4,110

d. Profit sharing bonus of employees and remuneration of directors

The Articles of Incorporation of the Company were amended in June 2022. According to the provisions of the Articles of Incorporation, when the Company has a profit in the year, it should accrue employees' profit-sharing and directors' compensation at rates of 2%-6% and no higher than 2%, respectively, of net income before income tax. The Company incurred a loss for the fiscal year 2023; therefore, in accordance with the articles of association, it is not proposed to provide for employee and director remuneration. The profit-sharing bonuses of employees and remuneration of directors for the year ended December 31, 2022 was estimated as follows:

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

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

There is no difference between the actual amounts of employees' profit-sharing and directors' compensation paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

e. Loss on hyperinflation

Following the categorization of Turkey with reference to the statistical indices from IMF DATA published by the International Monetary Fund as a country with a three-year cumulative inflation rate exceeding 100%, Turkey fulfills the requirements to be designated as a hyperinflationary economy under IAS 29 beginning April 21, 2022. Furthermore, according to Turkish Statistical Institute estimates, Turkey's annual consumer price index was 692.75, 432.46 and 263.29 as of December 31, 2023, 2022 and 2021, respectively, with an annualized volatility of approximately 60.19% and 64.25%. Therefore, the Group has applied hyperinflationary accounting for Turkish subsidiaries whose financial statements have been measured in terms of the current unit of measurement for the entire fiscal years of 2023 and 2022, resulting in losses of \$825,360 thousand and \$570,860 thousand on the net monetary position included in profit or loss.

22. INCOME TAXES EXPENSE

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

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 199,083	\$ 357,673
Adjustments for prior years	<u>(10,272)</u>	<u>638</u>
	188,811	358,311
Deferred tax		
In respect of the current year	(157,502)	(190,933)
Adjustments for prior years	<u>(2,028)</u>	<u>-</u>
	<u>(159,530)</u>	<u>(190,933)</u>
Income tax expense recognized in profit or loss	<u>\$ 29,281</u>	<u>\$ 167,378</u>

A reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2023	2022
Income tax expense calculated at the statutory rate	\$ 122,262	\$ 48,582
Nondeductible expenses in determining taxable income	4,449	69,944
Benefits not counted in tax	(23,782)	(2,286)
Other adjustments in determining taxable income	(61,348)	50,500
Income tax adjustments on prior years	<u>(12,300)</u>	<u>638</u>
Income tax expense recognized in profit or loss	<u>\$ 29,281</u>	<u>\$ 167,378</u>

The tax rate applicable to YC INOX TR Company is 25% in 2023 and 23% in 2022, pursuant to Turkish tax laws.

b. Deferred tax assets and liabilities

For the Year Ended December 31, 2023				
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
<u>Deferred tax assets</u>				
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	\$ 46,915	\$ -	\$ 8,507	\$ 55,422
Unrealized valuation gain on financial assets at FVTOCI	72,042	-	-	72,042
Unrecognized gross profit of declared exports	3,381	1,935	-	5,316
Refunded debts	-	156	-	156
Unrealized gross profit on sales	-	824	-	824
Defined benefit obligations	10,306	(792)	(1,182)	8,332
Unrealized loss on inventories	35,860	14,440	-	50,300
Payables for annual leave	1,621	80	-	1,701
Unappropriated earnings of subsidiaries	128,994	137,813	-	266,807
Others	<u>1,980</u>	<u>5,074</u>	<u>-</u>	<u>7,054</u>
	<u>\$ 301,099</u>	<u>\$ 159,530</u>	<u>\$ 7,325</u>	<u>\$ 467,954</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Allowance for impairment loss on trade receivables	\$ 1,724	\$ -	\$ -	\$ 1,724
Others	<u>890</u>	<u>-</u>	<u>-</u>	<u>890</u>
	<u>\$ 2,614</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,614</u>
For the Year Ended December 31, 2022				
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
<u>Deferred tax assets</u>				
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	\$ 253,116	\$ -	\$ (206,201)	\$ 46,915
Unrealized valuation gain (loss) on financial assets at FVTOCI	77,509	-	(5,467)	72,042
Unrecognized gross profit of declared exports	21,292	(17,911)	-	3,381
Defined benefit obligations	14,328	(820)	(3,202)	10,306
Unrealized loss on inventories	13,460	22,400	-	35,860
Payables for annual leave	4,769	(3,148)	-	1,621
Unappropriated earnings of subsidiaries	-	128,994	-	128,994
Others	<u>-</u>	<u>1,980</u>	<u>-</u>	<u>1,980</u>
	<u>\$ 384,474</u>	<u>\$ 131,495</u>	<u>\$ (214,870)</u>	<u>\$ 301,099</u>

For the Year Ended December 31, 2022				
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 59,411	\$ (59,411)	\$ -	\$ -
Allowance for impairment loss on trade receivables	1,724	-	-	1,724
Others	<u>918</u>	<u>(28)</u>	<u>-</u>	<u>890</u>
	<u>\$ 62,053</u>	<u>\$ (59,439)</u>	<u>\$ -</u>	<u>\$ 2,614</u>

c. Income tax assessments

The tax returns through 2021 of the Company and Chi Mao Company have been assessed by the tax authorities.

23. EARNINGS (LOSS) PER SHARE

	Net Profit (Loss) Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings (Loss) Per Share (NT\$)
<u>For the Year Ended December 31, 2023</u>			
Basic loss per share			
Net loss for the year attributable to owners of the Company	\$ (169,815)	447,983	<u>\$(0.38)</u>
Effect of potentially dilutive ordinary shares:			
Profit sharing bonus of employees	-	-	
Convertible bonds	<u>-</u>	<u>-</u>	
Diluted loss per share			
Net loss for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ (169,815)</u>	<u>447,983</u>	<u>\$(0.38)</u>
<u>For the Year Ended December 31, 2022</u>			
Basic earnings per share			
Net income for the year attributable to owners of the Company	\$ 518,282	445,190	<u>\$1.16</u>
Effect of potentially dilutive ordinary shares:			
Profit sharing bonus of employees	-	1,559	
Convertible bonds	<u>5,141</u>	<u>33,322</u>	
Diluted earnings per share			
Net income for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 523,423</u>	<u>480,071</u>	<u>\$1.09</u>

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

The Company incurred a net loss in 2023; therefore, the dilutive effects of items such as employee compensation and convertible bonds, which have an anti-dilutive effect on earnings per share, were not considered.

24. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Group entered into the following non-cash investing and financing activities which were not reflected in the financial statements of cash flows for the years ended December 31, 2023 and 2022:

The amount of cash paid for the acquisition of property, plant and equipment during the years ended December 31, 2023 and 2022, respectively, was as follows:

	For the Year Ended December 31	
	2023	2022
Purchase of property, plant and equipment	\$ 708,087	\$ 1,150,716
Net changes in payables for acquisition of equipment	174,754	(95,047)
Foreign exchange movements and inflation adjustments	<u>(81,570)</u>	<u>(20,744)</u>
Cash payments for property, plant and equipment	<u>\$ 801,271</u>	<u>\$ 1,034,925</u>

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2023

	Opening Balance	Cash Flows	Non-cash Changes				Change in Exchange Rate and Inflation impact number	Closing Balance
			Exercise of Conversion Option	Discount Amortization	Increasing In Leasing	Financial Cost Amortization		
Short-term bank borrowings	\$ 4,824,074	\$ 927,004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,751,078
Bonds payable	765,149	-	(543,699)	6,790	-	-	-	228,240
Long-term bank borrowings (including current portion)	2,042,857	272,620	-	-	-	-	-	2,315,477
Guarantee deposits received	30,385	4,160	-	-	-	-	-	34,545
Lease liabilities	<u>14,464</u>	<u>(7,679)</u>	<u>-</u>	<u>-</u>	<u>4,135</u>	<u>1,564</u>	<u>(2,493)</u>	<u>9,991</u>
	<u>\$ 7,676,929</u>	<u>\$ 1,196,105</u>	<u>\$ (543,699)</u>	<u>\$ 6,790</u>	<u>\$ 4,135</u>	<u>\$ 1,564</u>	<u>\$ (2,493)</u>	<u>\$ 8,339,331</u>

For the year ended December 31, 2022

	Opening Balance	Cash Flows	Non-cash Changes				Change in Exchange Rate and Inflation impact number	Closing Balance
			Exercise of Conversion Option	Discount Amortization	Increasing In Leasing	Financial Cost Amortization		
Short-term bank borrowings	\$ 5,559,180	\$ (734,619)	\$ -	\$ -	\$ -	\$ -	(487)	\$ 4,824,074
Bonds payable	775,775	-	(17,782)	7,156	-	-	-	765,149
Long-term bank borrowings (including current portion)	900,000	1,142,857	-	-	-	-	-	2,042,857
Guarantee deposits received	30,630	(245)	-	-	-	-	-	30,385
Lease liabilities	<u>3,280</u>	<u>(7,144)</u>	<u>-</u>	<u>-</u>	<u>16,922</u>	<u>1,768</u>	<u>(362)</u>	<u>14,464</u>
	<u>\$ 7,268,865</u>	<u>\$ 400,849</u>	<u>\$ (17,782)</u>	<u>\$ 7,156</u>	<u>\$ 16,922</u>	<u>\$ 1,768</u>	<u>\$ (849)</u>	<u>\$ 7,676,929</u>

25. CAPITAL MANAGEMENT

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

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

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

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel of the Group consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the key management personnel, the Group expects to balance its capital structure through the payment of dividends, issuance of new shares, repurchase of shares and issuance of new debt or repayment of old debt.

26. FINANCIAL INSTRUMENTS

a. Fair value

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

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

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

a) Fair Value Hierarchy

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

	Level 1	Level 2	Level 3	Total
<u>December 31, 2023</u>				
Financial assets at FVTPL				
Domestic listed shares	\$ 198,000	\$ -	\$ -	\$ 198,000
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic and foreign unlisted shares	1,587,589	-	277,645	1,865,234
Investments in debt instruments				
Trade receivables	-	-	23,787	23,787
	<u>\$ 1,785,589</u>	<u>\$ -</u>	<u>\$ 301,432</u>	<u>\$ 2,087,021</u>

	Level 1	Level 2	Level 3	Total
<u>December 31, 2022</u>				
Financial assets at FVTPL				
Domestic listed shares	\$ 248,011	\$ -	\$ -	\$ 248,011
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic and foreign unlisted shares	2,728,956	-	277,645	3,006,601
Investments in debt instruments				
Trade receivables	-	-	12,047	12,047
	<u>\$ 2,976,967</u>	<u>\$ -</u>	<u>\$ 289,692</u>	<u>\$ 3,266,659</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236</u>	<u>\$ 236</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022.

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

For the year ended December 31, 2023

Financial Assets	Financial Assets at FVTOCI		Total
	Equity Instruments	Debt Instruments	
Balance at January 1, 2023	\$ 277,645	\$ 12,047	\$ 289,692
Net increase in trade receivables	-	157,233	157,233
Trade receivables factoring	-	(145,493)	(145,493)
Balance at December 31, 2023	<u>\$ 277,645</u>	<u>\$ 23,787</u>	<u>\$ 301,432</u>

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTOCI		Total
	Equity Instruments	Debt Instruments	
Balance at January 1, 2022	\$ 250,311	\$ 48,380	\$ 298,691
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	27,334	-	27,334
Net increase in trade receivables	-	37,240	37,240
Trade receivables factoring	-	(73,573)	(73,573)
Balance at December 31, 2022	<u>\$ 277,645</u>	<u>\$ 12,047</u>	<u>\$ 289,692</u>

Financial Liabilities at FVTPL	For the Year Ended December 31	
	2023	2022
<u>Derivatives</u>		
Balance at January 1	\$ 236	\$ 966
Recognized in profit or loss (included in other gains and losses)	<u>(236)</u>	<u>(730)</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 236</u>

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

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

b. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 198,000	\$ 248,011
Amortized cost	2,161,393	2,153,135
FVTOCI		
Equity instruments	1,865,234	3,006,601
Trade receivables	23,787	12,047

	December 31	
	2023	2022
<u>Financial liabilities</u>		
Amortized cost	\$ 8,719,162	\$ 8,395,637
FVTPL		
Derivatives	-	236

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

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

c. Financial risk management objectives and policies

The Group's major financial instruments include equity, trade receivables, trade payables, borrowings, and lease liabilities. The Group's financial department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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

1) Market risk

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

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

a) Foreign currency risk

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

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

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the NTD against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency-denominated monetary items and foreign exchange forward contracts designated as cash flow hedges and adjusted their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase in profit (loss) before income tax associated with the NTD strengthening by 1% against the relevant currency. For a 1% weakening of the NTD against the relevant currency, there would be an equal and opposite impact on profit (loss) before income tax, and the balances below would be negative.

	Impact on profit or loss	
	For the Year Ended	
	December 31	
	2023	2022
NTD/USD	\$ 11,166	\$ 9,093
TRY/USD	4,074	2,455

b) Interest rate risk

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

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

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 2,100	\$ 155,707
Financial liabilities	238,231	779,613
Cash flow interest rate risk		
Financial assets	436,232	493,293
Financial liabilities	8,066,555	6,866,931

Sensitivity analysis

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

If interest rates had been 0.1% higher or lower and all other variables were held constant, the Group's profit (loss) before income tax for the year ended December 31, 2023 and 2022 would have changed by \$7,630 thousand and \$6,374 thousand, respectively.

c) Other price risk

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

Sensitivity analysis

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

If equity prices been 1% higher or lower, pre-tax profit (loss) for the year ended December 31, 2023 and 2022 would have changed by \$1,980 thousand and \$2,480 thousand, respectively .

2) Credit risk

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

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

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the amount of unused financing facilities was as follows:

	December 31	
	2023	2022
Amount of unused bank financing facilities	<u>\$ 13,891,555</u>	<u>\$ 14,280,296</u>

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

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

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

	Less than 1 Year	1-5 Years	Total
<u>December 31, 2023</u>			
Non-interest bearing liabilities	\$ 389,822	\$ -	\$ 389,822
Lease liabilities	6,301	3,889	10,190
Floating interest rate liabilities	6,222,507	1,844,048	8,066,555
Fixed interest rate liabilities	<u>-</u>	<u>232,400</u>	<u>232,400</u>
	<u>\$ 6,618,630</u>	<u>\$ 2,080,337</u>	<u>\$ 8,698,967</u>
<u>December 31, 2022</u>			
Non-interest bearing liabilities	\$ 733,172	\$ -	\$ 733,172
Lease liabilities	7,200	8,360	15,560
Floating interest rate liabilities	4,984,788	1,882,143	6,866,931
Fixed interest rate liabilities	<u>-</u>	<u>786,400</u>	<u>786,400</u>
	<u>\$ 5,725,160</u>	<u>\$ 2,676,903</u>	<u>\$ 8,402,063</u>

d. Transfers of financial assets

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

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received Unused	Advances Received Used	Annual Interest Rates on Advances Received (Used)
<u>December 31, 2023</u>					
Fubon bank	\$ 467,748 (USD 15,234)	\$ 458,742 (USD 14,940)	\$ 411,967 (USD 13,417)	\$ 9,006 (USD 293)	2M TAFIX3 +0.25%
<u>December 31, 2022</u>					
Fubon bank	\$ 356,417 (USD 11,606)	\$ 217,211 (USD 7,073)	\$ 161,699 (USD 5,265)	\$ 139,025 (USD 4,533)	2M TAFIX3 +0.25%

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

27. TRANSACTIONS WITH RELATED PARTIES

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

a. Categories of related parties

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

b. Sales revenue

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	\$ <u>2,814</u>	\$ <u>2,944</u>

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

c. Receivables from related parties

<u>Line Item</u>	<u>Related Party Category</u>	<u>December 31</u>	
		<u>2023</u>	<u>2022</u>
Trade receivables	Other related parties	\$ <u>681</u>	\$ <u>544</u>

d. Other income

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	\$ <u>30</u>	\$ <u>30</u>

e. Remuneration of key management personnel

Remuneration of key management personnel was as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 21,887	\$ 51,977
Post-employment benefits	<u>344</u>	<u>388</u>
	\$ <u>22,231</u>	\$ <u>52,365</u>

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2023	2022
Pledged time deposits (classified as other current assets)	\$ 2,100	\$ 2,100

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencies and unrecognized commitments of the Group as of December 31, 2023 and 2022 were as follows:

- As of December 31, 2023 and 2022, unused letters of credit for purchases of raw materials amounted to \$140,437 thousand and \$479,217 thousand, respectively.
- As of December 31, 2023 and 2022, unpaid contracts for purchases of raw materials and equipment amounted to \$1,669,837 thousand and \$2,748,210 thousand, respectively.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	For the Year Ended December 31					
	2023			2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Monetary items</u>						
Financial assets						
USD	\$ 36,416	30.705(USD/NTD)	\$ 1,118,147	\$ 32,040	30.71(USD/NTD)	\$ 983,951
USD	13,759	29.44(USD/TRY)	422,869	15,124	18.70(USD/TRY)	464,617
Financial liabilities						
USD	51	30.705(USD/NTD)	1,560	2,431	30.71(USD/NTD)	74,669
USD	505	29.44(USD/TRY)	15,505	7,133	18.70(USD/TRY)	219,149

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

	For the Year Ended December 31			
	2023		2022	
	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gains (Losses)	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gains (Losses)
NTD	1.0000 (NTD:NTD)	\$ 39,721	1.0000 (NTD:NTD)	\$ 156,616
TRY	1.0440 (TRY:NTD)	389,248	1.6430 (TRY:NTD)	209,454
		\$ 428,969		\$ 366,070

31. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 9) Trading in derivative instruments (None)
- 10) Other: Intercompany relationships and significant intercompany transactions (Table 5)

b. Information on investees (Table 6)

c. Information on investments in mainland China (None)

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

32. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as stainless steel tubes/pipes, stainless steel sheets/coils, and others.

a. Segment revenue and operating results

	Segment Revenue		Segment Profit or Loss	
	2023	2022	2023	2022
Stainless steel tubes/pipes	\$ 8,670,413	\$ 9,574,442	\$ 317,280	\$ 827,626
Stainless steel sheets/coils	6,293,806	6,977,299	3,448	100,545
Others	<u>267,958</u>	<u>288,574</u>	<u>18,246</u>	<u>19,736</u>
Generated from continuing operating segment	<u>\$ 15,232,177</u>	<u>\$ 16,840,315</u>	338,974	947,907
Finance costs			(143,734)	(81,477)
Interest income			14,533	6,098
Other gains and losses, net			(803,664)	(534,228)
Net foreign exchange gains			428,969	366,070
Gain (loss) on financial instruments at FVTPL			30,205	(19,111)
Gain (loss) on disposal of property, plant and equipment			<u>(5,817)</u>	<u>401</u>
(Loss) profit before income tax			<u>\$ (140,534)</u>	<u>\$ 685,660</u>

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales in 2023 and 2022.

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

b. Geographical information

The Group operates in two principal geographical areas - Asia and Europe.

Revenue from continuing operations of the Group from external customers by location of operations and information about its non-current assets by location of assets were as follows:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
Asia	\$ 5,910,519	\$ 5,757,162	\$ 4,887,379	\$ 4,743,992
Europe	2,388,538	3,775,747	3,449,661	2,479,750
America	4,241,160	3,958,968	-	-
Others	<u>2,691,960</u>	<u>3,348,438</u>	<u>-</u>	<u>-</u>
	<u>\$ 15,232,177</u>	<u>\$ 16,840,315</u>	<u>\$ 8,337,040</u>	<u>\$ 7,223,742</u>

Non-current assets exclude assets classified as financial instruments and deferred tax assets.

c. Information of major customers

No single customer contributed 10% or more to the Group's revenue for both 2023 and 2022.

TABLE 1

YC INOX CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currency)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 3)	Ending Balance (Note 3)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)	Note
													Item	Value			
0	The Company	YC INOX TR Company	Other receivables-related party	Y	\$ 1,621,250 (USD 50,000)	\$ 1,535,250 (USD 50,000)	\$ -	7.67	Short-term financing	\$ -	Operation	\$ -	-	\$ -	\$ 1,790,033	\$ 3,580,067	

Note 1: 0 represents the parent company.

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

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

YC INOX CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currency)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	The Company	YC INOX TR Company	Subsidiary	\$ 1,790,033	\$ 324,250 (USD 10,000)	\$ 307,050 (USD 10,000)	\$ 5,805	\$ -	3.43	\$ 3,580,067	Y	-	-	-

Note 1: 0 represents the parent company.

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

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

TABLE 3

YC INOX CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars and Shares)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Company	<u>Ordinary Shares</u>						
	Ta Chen Stainless Pipe Co., Ltd	None	Financial assets at FVTPL - current	5,000	\$ 198,000	0.21	\$ 198,000
	AltruBio Inc.	None	Financial assets at FVTOCI - non-current	11,051	63,987	9.31	63,987
	Gongwin Biopharm Holdings Co., Ltd.	None	Financial assets at FVTOCI - non-current	7,910	1,430,127	6.98	1,430,127
	<u>Preference Shares</u>						
	AltruBio Inc. - Series A-2	None	Financial assets at FVTOCI - non-current	20,426	118,266	23.00	118,266
Chi Mao Company	<u>Ordinary Shares</u>						
	AltruBio Inc.	None	Financial assets at FVTOCI - non-current	560	3,242	0.47	3,242
	Gongwin Biopharm Holdings Co., Ltd.	None	Financial assets at FVTOCI - non-current	871	157,462	0.77	157,462
	<u>Preference Shares</u>						
	AltruBio Inc. - Series A-1	None	Financial assets at FVTOCI - non-current	15,915	92,150	4.74	92,150

YC INOX CO., LTD AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note 2)		Acquisition (Note 3)		Disposal				Ending Balance (Note 2)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
The Company	Ordinary shares (Note 1)	Investment accounted for using the equity method	YC INOX TR Company	Subsidiary	2,552	\$5,044,831	1,133	\$ 1,628,341	-	\$ -	\$ -	\$ -	3,685	\$ 5,947,025

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

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

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

Note 4: Eliminated.

YC INOX CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount (Note)	Payment Terms	% of Total Sales or Assets
0	The Company	YC INOX TR Company	Subsidiary	Cost of goods sold	\$ 6,813	O/A 120 days	0.05

Note: Eliminated.

TABLE 6

YC INOX CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company (Note)	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount		
The Company	Chi Mao Company	Shijou Township, Chang-Hwa County, Taiwan	Investment	\$ 100,120	\$ 100,120	10,000,000	100	\$ 190,698	\$ (1,785)	\$ (1,785)
	YC INOX TR Company	Turkey	Manufacturing and distribution of stainless steel tubes/pipes and sheets/coils	7,562,295	5,933,954	3,685	100	5,947,025	(689,068)	(689,068)

Note: Eliminated.

TABLE 7**YC INOX CO., LTD AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares Held	Percentage of Ownership(%)
Tai Chyang Investment Co., Ltd.	61,209,508	13.02
Chang, Chin-Peng	26,030,000	5.53

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

Appendix

Standalone Financial Statements

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying parent company only financial statements of YC Inox Co., Ltd. (the “Company”), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the “financial statements”).

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Parent Company Only 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. 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 parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's parent company only financial statements for the year ended December 31, 2023 is described as follows:

Inventory Valuation

The amount of inventory held by the Company is considered material to the parent company only financial statements; out of this amount, inventory is made based on the lower of cost and net realizable value of inventory. As the inputs and assumptions used in the determination of the net realizable value involve management's judgment, inventory assessment has been deemed a key audit matter. For the accounting policies, significant accounting judgments, estimates and uncertainty of assumptions related to inventory assessment as well as other related disclosures, refer to Notes 4, 5, and 10.

The main audit procedures performed with respect to the aforementioned key audit matter are as follows:

1. We obtained an understanding of and assessed the appropriateness of the Company's policies on the provision for inventory valuation loss and the related internal control procedures.
2. We obtained the inventory valuation report, selected samples and reviewed the correctness and reasonableness of the net realizable value.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 Standards on Auditing of 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 parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of 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 parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 parent company only 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 audits resulting in this independent auditors' report are Done-Yuin Tseng and Shu-Chin Chiang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2024

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only 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 applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 financial statements shall prevail.

YC INOX CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 431,443	2	\$ 486,484	3
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	198,000	1	248,011	1
Notes receivable (Notes 4 and 20)	74,444	-	88,122	-
Trade receivables (Notes 4, 9, 20 and 27)	668,333	4	760,684	4
Other receivables (Note 4)	490,340	3	241,027	1
Inventories (Notes 4, 5 and 10)	3,050,044	17	4,186,741	22
Prepayments	104,363	1	205,467	1
Other current assets (Notes 4 and 28)	<u>2,100</u>	<u>-</u>	<u>5,224</u>	<u>-</u>
Total current assets	<u>5,019,067</u>	<u>28</u>	<u>6,221,760</u>	<u>32</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,612,380	9	2,640,544	14
Investments accounted for using the equity method (Notes 4 and 11)	6,137,723	34	5,350,518	28
Property, plant and equipment (Notes 4 and 12)	4,324,205	24	4,370,107	23
Right-of-use assets (Notes 4 and 13)	4,646	-	8,301	-
Computer software (Notes 4 and 14)	5,499	-	7,697	-
Deferred tax assets (Notes 4 and 22)	466,083	2	299,228	1
Prepayments for equipment	501,524	3	305,483	2
Other non-current assets (Note 4)	<u>51,505</u>	<u>-</u>	<u>52,404</u>	<u>-</u>
Total non-current assets	<u>13,103,565</u>	<u>72</u>	<u>13,034,282</u>	<u>68</u>
TOTAL	<u>\$ 18,122,632</u>	<u>100</u>	<u>\$ 19,256,042</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	\$ 5,681,078	31	\$ 4,754,074	25
Contract liabilities - current (Note 20)	419,149	2	378,950	2
Notes payable	494	-	556	-
Trade payables	112,304	1	174,828	1
Other payables (Notes 17 and 18)	210,847	1	276,569	1
Current tax liabilities (Notes 4 and 22)	105,266	1	327,177	2
Lease liabilities - current (Notes 4 and 13)	2,707	-	3,624	-
Current portion of long-term borrowings (Note 15)	471,429	3	160,714	1
Other current liabilities	<u>16,432</u>	<u>-</u>	<u>26,880</u>	<u>-</u>
Total current liabilities	<u>7,019,706</u>	<u>39</u>	<u>6,103,372</u>	<u>32</u>
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 16)	-	-	236	-
Bonds payable (Notes 4 and 16)	228,240	2	765,149	4
Long-term borrowings (Note 15)	1,844,048	10	1,882,143	10
Deferred tax liabilities (Notes 4 and 22)	2,614	-	2,614	-
Lease liabilities - non-current (Notes 4 and 13)	2,026	-	4,732	-
Net defined benefit liabilities - non-current (Notes 4 and 18)	41,284	-	51,148	-
Guarantee deposits received	<u>34,545</u>	<u>-</u>	<u>30,385</u>	<u>-</u>
Total non-current liabilities	<u>2,152,757</u>	<u>12</u>	<u>2,736,407</u>	<u>14</u>
Total liabilities	<u>9,172,463</u>	<u>51</u>	<u>8,839,779</u>	<u>46</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Ordinary shares	4,475,783	25	4,453,799	23
Registered capital (pending change)	224,241	1	-	-
Capital surplus	2,302,582	13	2,005,108	10
Retained earnings				
Legal reserve	1,346,931	7	1,292,961	7
Unappropriated earnings	133,890	1	1,022,254	5
Other equity	<u>466,742</u>	<u>2</u>	<u>1,642,141</u>	<u>9</u>
Total equity	<u>8,950,169</u>	<u>49</u>	<u>10,416,263</u>	<u>54</u>
TOTAL	<u>\$ 18,122,632</u>	<u>100</u>	<u>\$ 19,256,042</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

YC INOX CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
NET REVENUE (Notes 4, 20 and 27)	\$ 13,624,052	100	\$ 16,262,547	100
OPERATING COSTS (Notes 5, 10 and 21)	<u>12,484,239</u>	<u>91</u>	<u>13,625,686</u>	<u>84</u>
GROSS PROFIT	1,139,813	9	2,636,861	16
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Note 4)	<u>5,459</u>	<u>-</u>	<u>(9,578)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,145,272</u>	<u>9</u>	<u>2,627,283</u>	<u>16</u>
OPERATING EXPENSES (Note 21)				
Selling and marketing expenses	451,709	3	898,309	6
General and administrative expenses	<u>187,368</u>	<u>2</u>	<u>228,386</u>	<u>1</u>
Total operating expenses	<u>639,077</u>	<u>5</u>	<u>1,126,695</u>	<u>7</u>
INCOME FROM OPERATIONS	<u>506,195</u>	<u>4</u>	<u>1,500,588</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Finance costs (Note 21)	(140,702)	(1)	(78,634)	-
Share of profit or loss of subsidiaries (Notes 4 and 11)	(690,853)	(5)	(943,373)	(6)
Interest income	9,200	-	4,435	-
(Loss) gain on disposal of property, plant and equipment	(5,534)	-	403	-
Other gains and losses, net (Notes 21 and 27)	18,522	-	34,659	-
Foreign exchange gain, net	39,721	-	156,616	1
Loss (gain) on fair value changes of financial instruments at fair value through profit or loss	<u>30,205</u>	<u>-</u>	<u>(19,111)</u>	<u>-</u>
Total non-operating income and expenses	<u>(739,441)</u>	<u>(6)</u>	<u>(845,005)</u>	<u>(5)</u>
(LOSS) PROFIT BEFORE INCOME TAX	(233,246)	(2)	655,583	4
INCOME TAX (BENEFIT) EXPENSE (Notes 4 and 22)	<u>(63,431)</u>	<u>(1)</u>	<u>137,301</u>	<u>1</u>
NET (LOSS) PROFIT	<u>(169,815)</u>	<u>(1)</u>	<u>518,282</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	5,912	-	16,011	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(1,028,164)	(8)	276,568	2
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	(113,204)	(1)	34,506	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 22)	<u>(1,182)</u>	<u>-</u>	<u>(6,791)</u>	<u>-</u>
	<u>(1,136,638)</u>	<u>(9)</u>	<u>320,294</u>	<u>2</u>

(Continued)

YC INOX CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 4)	\$ (42,538)	-	\$ 1,031,005	6
Income tax related to items that may be reclassified subsequently to profit or loss (Note 22)	8,507	-	(206,201)	(1)
	<u>(34,031)</u>	<u>-</u>	<u>824,804</u>	<u>5</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(1,170,669)</u>	<u>(9)</u>	<u>1,145,098</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ (1,340,484)</u>	<u>(10)</u>	<u>\$ 1,663,380</u>	<u>10</u>
(LOSS) EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ (0.38)</u>		<u>\$ 1.16</u>	
Diluted	<u>\$ (0.38)</u>		<u>\$ 1.09</u>	

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

YC INOX CO., LTD.

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	Ordinary Shares (Note 19)		Capital Surplus (Note 19)	Retained Earnings (Note 19)		Other Equity (Note 4)		Total Equity
	Capital Stock Ordinary Shares	Registered Capital Pending Change		Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2022	\$ 4,445,345	\$ 1,080	\$ 1,994,700	\$ 1,166,385	\$ 1,276,096	\$ (1,012,464)	\$ 1,530,923	\$ 9,402,065
Appropriation of 2021 earnings								
Legal reserve	-	-	-	126,576	(126,576)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(666,964)	-	-	(666,964)
Net profit for the year ended December 31, 2022	-	-	-	-	518,282	-	-	518,282
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	12,809	824,804	307,485	1,145,098
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	531,091	824,804	307,485	1,663,380
Convertible bonds converted to ordinary shares	8,454	(1,080)	10,408	-	-	-	-	17,782
Disposal of investments in equity instruments at fair value through other comprehensive income by subsidiaries	-	-	-	-	8,607	-	(8,607)	-
BALANCE AT DECEMBER 31, 2022	4,453,799	-	2,005,108	1,292,961	1,022,254	(187,660)	1,829,801	10,416,263
Appropriation of 2022 earnings								
Legal reserve	-	-	-	53,970	(53,970)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(669,309)	-	-	(669,309)
Net loss for the year ended December 31, 2023	-	-	-	-	(169,815)	-	-	(169,815)
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	4,730	(34,031)	(1,141,368)	(1,170,669)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(165,085)	(34,031)	(1,141,368)	(1,340,484)
Convertible bonds converted to ordinary shares	21,984	224,241	297,474	-	-	-	-	543,699
BALANCE AT DECEMBER 31, 2023	\$ 4,475,783	\$ 224,241	\$ 2,302,582	\$ 1,346,931	\$ 133,890	\$ (221,691)	\$ 688,433	\$ 8,950,169

The accompanying notes are an integral part of the parent company only financial statements.

YC INOX CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) income before income tax	\$ (233,246)	\$ 655,583
Adjustments for:		
Depreciation expense	297,341	280,746
Amortization expense	4,050	3,479
(Gain) loss on financial instruments at fair value through profit or loss, net	(30,205)	19,111
Interest expense	140,702	78,634
Interest income	(9,200)	(4,435)
Dividend income	(14,038)	(10,425)
Share of loss of subsidiaries	690,853	943,373
Loss (gain) on disposal of property, plant and equipment	5,534	(403)
Write-down of inventories	72,200	112,000
(Realized) unrealized gain on transactions with subsidiaries	(5,459)	9,578
Unrealized loss on foreign currency exchange, net	31,000	10,131
Changes in operating assets and liabilities:		
Notes receivable	13,678	78,098
Trade receivables	80,159	473,500
Other receivables	(268,289)	52,816
Inventories	1,064,497	2,216,095
Prepayments	101,104	172,751
Other current assets	3,124	(2,223)
Contract liabilities	40,199	(139,254)
Notes payable	(62)	(14,001)
Trade payables	(62,524)	(596,542)
Other payables	(91,450)	(158,806)
Other current liabilities	(10,443)	692
Net defined benefit liabilities	(3,952)	(4,098)
Cash generated from operations	1,815,573	4,176,400
Interest received	9,200	4,435
Dividends received	14,038	10,425
Interest paid	(132,530)	(71,145)
Income tax paid	(318,010)	(300,259)
Net cash generated from operating activities	<u>1,388,271</u>	<u>3,819,856</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	-	(35,826)
Disposal of financial assets at fair value through profit or loss	79,980	-
Acquisition of subsidiaries	(1,628,341)	(3,286,873)
Acquisition of property, plant and equipment	(208,133)	(375,128)
Proceeds from disposal of property, plant and equipment	42,868	15,249
Acquisition of computer software	(1,852)	(5,098)
Decrease in other non-current assets	899	-
Increase in prepayments for equipment	(259,438)	(111,807)
Net cash used in investing activities	<u>(1,974,017)</u>	<u>(3,799,483)</u>

(Continued)

YC INOX CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 19,582,566	\$ 20,146,919
Repayments of short-term borrowings	(18,655,562)	(20,881,538)
Proceeds from long-term borrowings	1,000,000	1,400,000
Repayments of long-term borrowings	(727,380)	(257,143)
Decrease in guarantee deposits received	4,160	(245)
Repayments of the principal portion of lease liabilities	(3,770)	(3,579)
Cash dividends paid to owners of the Company	<u>(669,309)</u>	<u>(666,964)</u>
Net cash generated from (used in) financing activities	<u>530,705</u>	<u>(262,550)</u>
NET DECREASE IN CASH	(55,041)	(242,177)
CASH AT THE BEGINNING OF THE YEAR	<u>486,484</u>	<u>728,661</u>
CASH AT THE END OF THE YEAR	<u>\$ 431,443</u>	<u>\$ 486,484</u>

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

YC INOX CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. GENERAL INFORMATION

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

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

The parent company only financial statements of the Company are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on March 8, 2024.

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

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

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

- b. Basis of preparation

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

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

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

When preparing the parent company only financial statements, the Company accounts for subsidiaries by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profit or loss subsidiaries and share of other comprehensive income of subsidiaries in the parent company only financial statements.

c. Classification of current and noncurrent assets and liabilities

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not retranslated.

For the purpose of presenting the parent company only financial statements, the financial statements of the Company's foreign operations (including subsidiaries in other countries or those that use currencies different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the year exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Hyperinflation

Beginning April 21, 2022, Turkey's economy qualifies as hyperinflationary, according to the criteria established in the IAS 29 "Financial information in hyperinflationary economies". As specified in IAS 29, the financial statements of Turkish subsidiaries have been measured in terms of the current unit of measurement at the balance sheet date, which leads to a gain or loss on the net monetary position included in the profit or loss.

The Company has not applied hyperinflationary accounting to restate comparative financial information presented in NTD, which is the Company's functional currency unmodified as IAS 29. Moreover, the adoption of IAS 29 in Turkish subsidiaries requires assets and liabilities as well as the items in the income statement to be restated using the closing exchange rate at period end, leading to the effect of hyperinflation adjustments included in other comprehensive income.

f. Inventories

Inventories consist of raw materials, work-in-process, semi-finished goods, finished goods, and merchandise and are stated at the lower of cost and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution of earnings. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

h. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Computer software

1) Computer software acquired separately

Computer software with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of computer software

On derecognition of computer software, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use assets and computer software

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and computer software, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets held by the Company are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, investments in debt instruments at fair value through other comprehensive income (FVTOCI) and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash, notes receivable, trade receivables, other receivables, pledged time deposits, and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;

- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amounts of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and investments in debt instruments that are measured at FVTOCI.

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading. Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid is recognized in profit or loss.

3) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - other.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the liability component are included in the carrying amount of the liability component. Transaction costs relating to the equity component are recognized directly in equity.

1. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the sales of goods comes from sales of stainless steel sheets, coils and pipes. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location/the goods are shipped/the goods are picked up because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

m. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. Lease liabilities are presented on a separate line in the parent company only balance sheets.

n. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company considers the possible impact on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key Sources of Estimation Uncertainty - Write-down of Inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH

	December 31	
	2023	2022
Cash on hand	\$ 1,220	\$ 903
Checking accounts and demand deposits	<u>430,223</u>	<u>485,581</u>
	<u>\$ 431,443</u>	<u>\$ 486,484</u>
<u>Annual interest rate (%)</u>		
Demand deposits	0.07-1.45	0.07-1.05

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Current</u>		
Financial assets mandatorily classified as at FVTPL		
Domestic listed shares	<u>\$ 198,000</u>	<u>\$ 248,011</u>

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

	December 31	
	2023	2022
<u>Investments in equity instruments</u>		
Foreign investments		
Unlisted shares	\$ 182,253	\$ 182,253
Domestic investments		
Emerging market shares	<u>1,430,127</u>	<u>2,458,291</u>
	<u>\$ 1,612,380</u>	<u>\$ 2,640,544</u>

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

9. TRADE RECEIVABLES

	December 31	
	2023	2022
At amortized cost		
Gross carrying amount	\$ 646,788	\$ 750,879
Less: Allowance for impairment loss	<u>(2,242)</u>	<u>(2,242)</u>
	644,546	748,637
At FVTOCI	<u>23,787</u>	<u>12,047</u>
	<u>\$ 668,333</u>	<u>\$ 760,684</u>

a. At amortized cost

The credit period of sales of goods is 30 to 150 days. No interest was charged on trade receivables. The Company adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information or its own trading records to rate its customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

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

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

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

The loss allowance of trade receivables of the Company was as follows:

	Not Past Due	Past Due 1-60 Days	Past Due 61-120 Days	Past Due 121-180 Days	Past Due More than 180 Days	Total
<u>December 31, 2023</u>						
Expected credit loss rate (%)	0	0	0	0	100	
Gross carrying amount	\$ 584,657	\$ 62,129	\$ 2	\$ -	\$ -	\$ 646,788
Loss allowance	-	(2,242)	-	-	-	(2,242)
Amortized cost	<u>\$ 584,657</u>	<u>\$ 59,887</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 644,546</u>
<u>December 31, 2022</u>						
Expected credit loss rate (%)	0	0.01-0.17	4.27-15.73	14.77-15.21	100	
Gross carrying amount	\$ 650,628	\$ 100,251	\$ -	\$ -	\$ -	\$ 750,879
Loss allowance	-	(2,242)	-	-	-	(2,242)
Amortized cost	<u>\$ 650,628</u>	<u>\$ 98,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 748,637</u>

The movements of loss allowance of trade receivables were as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1 and December 31	<u>\$ 2,242</u>	<u>\$ 2,242</u>

b. At FVTOCI

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

As of December 31, 2023 and 2022, the Company had no overdue trade receivables, and no impairment loss was recognized within the respective aging ranges.

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

10. INVENTORIES

	December 31	
	2023	2022
Raw materials	\$ 931,437	\$ 1,581,008
Work in progress	57,821	63,163
Semi-finished goods	310,060	348,923
Finished goods	1,738,324	2,176,797
Merchandise	<u>12,402</u>	<u>16,850</u>
	<u>\$ 3,050,044</u>	<u>\$ 4,186,741</u>

Operating costs related to inventory for the years ended December 31, 2023 and 2022 were \$12,475,308 thousand and \$13,624,211 thousand, respectively. The cost of goods sold included the loss on inventory write-downs of \$72,200 thousand and \$112,000 thousand, respectively.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD - INVESTMENTS IN SUBSIDIARIES

	December 31			
	2023		2022	
Investments in Subsidiaries	Amount	Proportion of Ownership (%)	Amount	Proportion of Ownership (%)
Chi Mao Investment Co., Ltd. (Chi Mao Company)	\$ 190,698	100	\$ 305,687	100
YC INOX TR CELIK SANAYI VE TICARET A.S. (YC INOX TR Company)	<u>5,947,025</u>	100	<u>5,044,831</u>	100
	<u>\$ 6,137,723</u>		<u>\$ 5,350,518</u>	

For the nature of activities of the subsidiaries listed above, refer to Table 5.

The Company invested \$1,628,341 thousand and \$3,286,873 thousand in YC INOX TR Company, which engaged in seasoned equity offerings for the years ended December 31, 2023 and 2022, respectively. The aforementioned investments have been approved by the Overseas Chinese and Foreign Investment Commission of the Ministry of Economic Affairs (MOEA). Among the investments, the Company has been planning to increase the investment in YC INOX TR Company by TRY820,000 thousand, which was approved by the Company's board of directors in November 2022 and subsequently invested \$641,560 thousand, \$306,850 thousand and \$415,381 thousand, equivalent to TRY372,142 thousand, TRY187,555 thousand and TRY260,303 thousand in November 2022, January 2023 and February 2023, respectively. The aforementioned investments have been approved by the MOEA.

The Company has been planning to increase the investment in YC INOX TR Company by TRY900,000 thousand, which was approved by the Company's board of directors in May 2023, and subsequently invested \$430,360 thousand, \$314,200 thousand and \$161,550 thousand, equivalent to TRY272,646 thousand, TRY269,329 thousand and TRY142,913 thousand in May 2023, August 2023 and November 2023, respectively. The remaining investments were remitted from Taiwan in January 2024 amounting to \$221,464 thousand equivalent to TRY215,112 thousand. The aforementioned investments were approved by the MOEA.

The share of profit or loss and other comprehensive income of the subsidiaries accounted for using the equity method for the years ended December 31, 2023 and 2022 were recognized based on the subsidiaries' financial statements which have been audited for the same period.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2023	\$ 1,999,794	\$ 1,497,060	\$ 2,708,265	\$ 1,198,684	\$ 7,403,803
Additions	17,272	31,252	97,326	86,938	232,788
Disposals	-	(46)	(19,751)	(92,129)	(111,926)
Reclassification	-	2,468	45,821	15,109	63,398
Balance at December 31, 2023	<u>\$ 2,017,066</u>	<u>\$ 1,530,734</u>	<u>\$ 2,831,661</u>	<u>\$ 1,208,602</u>	<u>\$ 7,588,063</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2023	\$ -	\$ 654,788	\$ 1,854,358	\$ 524,550	\$ 3,033,696
Additions	-	70,830	130,785	92,071	293,686
Disposals	-	(26)	(17,604)	(45,894)	(63,524)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 725,592</u>	<u>\$ 1,967,539</u>	<u>\$ 570,727</u>	<u>\$ 3,263,858</u>
Carrying amount at December 31, 2023	<u>\$ 2,017,066</u>	<u>\$ 805,142</u>	<u>\$ 864,122</u>	<u>\$ 637,875</u>	<u>\$ 4,324,205</u>
<u>Cost</u>					
Balance at January 1, 2022	\$ 1,999,794	\$ 1,482,722	\$ 2,631,388	\$ 949,535	\$ 7,063,439
Additions	-	14,338	74,276	257,280	345,894
Disposals	-	-	(64,789)	(18,827)	(83,616)
Reclassification	-	-	67,390	10,696	78,086
Balance at December 31, 2022	<u>\$ 1,999,794</u>	<u>\$ 1,497,060</u>	<u>\$ 2,708,265</u>	<u>\$ 1,198,684</u>	<u>\$ 7,403,803</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2022	\$ -	\$ 586,798	\$ 1,791,190	\$ 447,232	\$ 2,825,220
Additions	-	67,990	125,688	83,568	277,246
Disposals	-	-	(62,520)	(6,250)	(68,770)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 654,788</u>	<u>\$ 1,854,358</u>	<u>\$ 524,550</u>	<u>\$ 3,033,696</u>
Carrying amount at December 31, 2022	<u>\$ 1,999,794</u>	<u>\$ 842,272</u>	<u>\$ 853,907</u>	<u>\$ 674,134</u>	<u>\$ 4,370,107</u>

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

Buildings	
Office buildings	20-35 years
Plants	10-20 years
Machinery and equipment	3-15 years
Other equipment	3-20 years

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

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

No impairment assessment was performed for the years ended December 31, 2023 and 2022 as there was no indication of impairment.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Right-of-use assets carrying amount		
Land	\$ 2,295	\$ 2,623
Buildings	400	800
Other equipment	<u>1,951</u>	<u>4,878</u>
	<u>\$ 4,646</u>	<u>\$ 8,301</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ 8,722</u>
Depreciation of right-of-use assets		
Land	\$ 328	\$ 274
Buildings	400	400
Other equipment	<u>2,927</u>	<u>2,826</u>
	<u>\$ 3,655</u>	<u>\$ 3,500</u>

The Company did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
Lease liabilities carrying amount		
Current	\$ 2,707	\$ 3,624
Non-current	<u>2,026</u>	<u>4,732</u>
	<u>\$ 4,733</u>	<u>\$ 8,356</u>

Discount rates for lease liabilities were as follows:

	December 31	
	2023	2022
Land	2.20%	2.20%
Buildings	1.15%	1.15%
Other equipment	2.60%	2.60%

c. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to low value asset leases	\$ <u>172</u>	\$ <u>148</u>
Total cash outflow for leases	<u>\$ 3,942</u>	<u>\$ 3,727</u>

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

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

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

14. COMPUTER SOFTWARE

	For the Year Ended December 31, 2023			
	Balance, Beginning of the Year	Additions	Disposals	Balance, End of the Year
Cost	\$ 13,359	<u>\$ 1,852</u>	<u>\$ -</u>	\$ 15,211
Accumulated amortization	<u>5,662</u>	<u>\$ 4,050</u>	<u>\$ -</u>	<u>9,712</u>
	<u>\$ 7,697</u>			<u>\$ 5,499</u>

For the Year Ended December 31, 2022				
	Balance, Beginning of the Year	Additions	Disposals	Balance, End of the Year
Cost	\$ 9,527	<u>\$ 5,098</u>	<u>\$ (1,266)</u>	\$ 13,359
Accumulated amortization	<u>3,449</u>	<u>\$ 3,479</u>	<u>\$ (1,266)</u>	<u>5,662</u>
	<u>\$ 6,078</u>			<u>\$ 7,697</u>

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

15. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Letter of credit borrowings and export bills	\$ 2,181,078	\$ 1,254,074
Line of credit borrowings	<u>3,500,000</u>	<u>3,500,000</u>
	<u>\$ 5,681,078</u>	<u>\$ 4,754,074</u>

Annual interest rate range (%)

Letter of credit borrowings and export bills	1.75-1.83	1.18-6.21
Line of credit borrowings	1.53-2.05	1.22-1.83

b. Long-term borrowings

	December 31	
	2023	2022
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ 2,315,477	\$ 2,042,857
Less: Current portion	<u>(471,429)</u>	<u>(160,714)</u>
Long-term borrowings	<u>\$ 1,844,048</u>	<u>\$ 1,882,143</u>
Annual interest rate range (%)	1.66-1.74	1.43-1.80

The line of credit borrowings of the Company will be repaid in New Taiwan dollars. The borrowings are repayable in installments or paid in one lump sum upon maturity at varying amounts from January 2024 to August 2028.

16. BONDS PAYABLE

	December 31	
	2023	2022
3 rd domestic unsecured convertible bonds	<u>\$ 228,240</u>	<u>\$ 765,149</u>

On December 15, 2020, the Company issued 5-year, 0% NTD-denominated unsecured convertible bonds in Taiwan for \$1,000,000 thousand, and the maturity date of the bonds is December 15, 2025. Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$26.5, which shall be later adjusted in accordance with the formula started in the Anti-dilution provisions of the “Rules and conditions of issuance and conversion of the 3rd domestic unsecured corporate bonds” (as of December 31, 2023, the conversion price has been adjusted to \$22.4). three months from the date of issuance of the convertible bonds (March 16, 2021) to 40 days before the maturity date (November 5, 2025), if the closing share price of the Company exceeds 30% of the prevailing conversion price for 30 consecutive business days or the outstanding balance falls lower than 10% of the original total issuance amount, the Company may redeem the bonds in cash at face value. In addition, holders may request to sell the bonds they hold back to the Company at any time within 30 days before the expiry of the third year from the date of issuance (December 15, 2023).

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

As of December 31, 2023, the face value of the bonds payable converted by the holders was \$767,600 thousand.

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

	Debt Instrument for Master Contracts	
	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 765,149	\$ 775,775
Amortization of discount this year	6,790	7,156
Converted into ordinary shares this year	<u>(543,699)</u>	<u>(17,782)</u>
Balance at December 31	<u>\$ 228,240</u>	<u>\$ 765,149</u>
<u>Derivative instruments - put options (financial liabilities)</u>		
	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 236	\$ 966
Changes in fair value	<u>(236)</u>	<u>(730)</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 236</u>

17. OTHER PAYABLES

	December 31	
	2023	2022
Payables for salaries and bonuses	\$ 83,024	\$ 134,001
Payables for profit sharing bonus of employees and remuneration of directors	-	43,000
Payables for acquisition of equipment	55,131	30,476
Payables for commission	2,761	3,022
Others	<u>69,931</u>	<u>66,070</u>
	<u>\$ 210,847</u>	<u>\$ 276,569</u>

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 5% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau); the Company has no right to influence the investment policy and strategy.

The amounts included in the parent company only balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 120,739	\$ 127,195
Fair value of plan assets	<u>(79,081)</u>	<u>(75,666)</u>
Net liabilities recognized in the parent company only balance sheets	41,658	51,529
Other payables	<u>(374)</u>	<u>(381)</u>
Net defined benefit liabilities	<u>\$ 41,284</u>	<u>\$ 51,148</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Liabilities Recognized in the Parent Company only Balance Sheets
Balance at January 1, 2023	\$ 127,195	\$ (75,666)	\$ 51,529
Service cost			
Current service cost	172	-	172
Net interest expense (income)	1,569	(956)	613
Recognized in profit or loss	1,741	(956)	785
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(727)	(727)
Actuarial loss - changes in financial assumptions	489	-	489
Actuarial gain - experience adjustments	(5,674)	-	(5,674)
Recognized in other comprehensive income	(5,185)	(727)	(5,912)
Contributions from the employer	-	(4,744)	(4,744)
Benefits paid	(3,012)	3,012	-
Balance at December 31, 2023	\$ 120,739	\$ (79,081)	\$ 41,658
Balance at January 1, 2022	\$ 150,641	\$ (79,000)	\$ 71,641
Service cost			
Current service cost	287	-	287
Net interest expense (income)	1,035	(554)	481
Recognized in profit or loss	1,322	(554)	768
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,391)	(6,391)
Actuarial loss - changes in demographic assumptions	57	-	57
Actuarial gain - changes in financial assumptions	(6,339)	-	(6,339)
Actuarial gain - experience adjustments	(3,338)	-	(3,338)
Recognized in other comprehensive income	(9,620)	(6,391)	(16,011)
Contributions from the employer	-	(4,869)	(4,869)
Benefits paid	(15,148)	15,148	-
Balance at December 31, 2022	\$ 127,195	\$ (75,666)	\$ 51,529

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest rate risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate	1.20%	1.25%
Expected rate of salary increase	2.00%	2.00%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate		
0.25% increase	\$ (2,416)	\$ (2,738)
0.25% decrease	\$ 2,492	\$ 2,828
Expected rate of salary increase/decrease		
0.25% increase	\$ 2,466	\$ 2,799
0.25% decrease	\$ (2,403)	\$ (2,725)

The sensitivity analysis previously presented may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plans for next year	\$ 4,643	\$ 4,996
Average duration of defined benefit obligation	8 years	8 years

19. EQUITY

a. Capital stock

	December 31	
	2023	2022
Authorized shares (in thousands of shares)	660,000	660,000
Authorized capital	\$ 6,600,000	\$ 6,600,000
Issued and paid shares (in thousands of shares)	447,578	445,380
Issued capital	\$ 4,475,783	\$ 4,453,799
Registered capital (pending change)	\$ 224,241	\$ -

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

b. Capital surplus

	December 31	
	2023	2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to capital</u>		
Additional paid-in capital	\$ 1,466,300	\$ 1,466,300
Issuance of Convertible bonds	821,535	501,394
Interest premium payable on convertible bonds	5,239	5,239
<u>May not be used for any purpose</u>		
Share warrants of convertible bonds	9,508	32,175
	<u>\$ 2,302,582</u>	<u>\$ 2,005,108</u>

The capital surplus generated from the excess of the issuance price over the par value of capital stock, the conversion of bonds and interest premium payable on convertible bonds may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, limited to a certain percentage of the Company's capital surplus and to once a year.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended articles of incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for the distribution of dividends and bonuses to stockholders. For the policies on the distribution of profit-sharing bonus of employees and remuneration of directors, refer to Note 21.

In line with the current and future development plans, the Company's dividend policy stipulates that at least 50% of the accumulated unappropriated earnings should be distributed as dividends to shareholders, taking into consideration the investment environment, funding needs, and foreign and domestic competition. However, when the dividend is less than 0.5 dollars per share, the Company reserves the right to not distribute any dividends. Since the Company belongs to the traditional industry, and current operations have entered a mature and stable phase, cash dividends should take precedence over share dividends. In the case of the distribution of share dividends, the amount of cash dividends distributed should not be lower than 20% of the total dividends distributed.

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

In June 2022, the shareholders of the Company held a meeting and resolved to amend the Articles of the Company to specify that when the special reserve is allocated from the net deduction of other equity accumulated in the previous period, if the undistributed surplus in the previous period is insufficient to allocate, the post-tax income plus items other than the after-tax net income of the current period will be added to the undistributed surplus of the current period for the allocation.

The appropriations of earnings for 2022 and 2021, which were approved by the shareholders in their meetings in June 2023 and June 2022, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve appropriated	\$ 53,970	\$ 126,576
Cash dividends	\$ 669,309	\$ 666,964
Cash dividends per share (NT\$)	\$ 1.5	\$ 1.5

The Company's board of directors also proposed to distribute cash dividends of \$1 per share from the capital surplus in the board of directors' meeting on March 8, 2024, for a total of \$470,002 thousand.

The loss appropriation will be resolved by the shareholders in their meeting to be held in June 2024.

20. NET REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	\$ 13,591,612	\$ 16,257,937
Other operating revenue		
Revenue from sale of electricity	32,440	4,610
	<u>\$ 13,624,052</u>	<u>\$ 16,262,547</u>

Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and trade receivables	<u>\$ 742,777</u>	<u>\$ 848,806</u>	<u>\$ 1,408,090</u>
Contract liabilities			
Sale of goods	<u>\$ 419,149</u>	<u>\$ 378,950</u>	<u>\$ 518,204</u>

21. NET PROFIT

a. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on borrowings	\$ 133,411	\$ 71,341
Interest on short-term bills payable	354	30
Interest on lease liabilities	147	107
Interest on bonds payable	<u>6,790</u>	<u>7,156</u>
	<u>\$ 140,702</u>	<u>\$ 78,634</u>

b. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Rental income	\$ 60	\$ 60
Dividend income	14,038	10,425
Others	<u>4,424</u>	<u>24,174</u>
	<u>\$ 18,522</u>	<u>\$ 34,659</u>

c. Employee benefits expense, depreciation expense and amortization expense

	For the Year Ended December 31					
	2023			2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salaries expense	\$ 383,901	\$ 119,373	\$ 503,274	\$ 429,489	\$ 167,176	\$ 596,665
Post-employment benefits						
Defined contribution plans	15,361	5,067	20,428	18,123	4,909	23,032
Defined benefit plans	491	294	785	561	207	768
Remuneration of directors	-	2,350	2,350	-	15,600	15,600
Labor and health insurance expense	42,817	11,727	54,544	46,557	12,627	59,184
Other employee benefits	45,089	8,077	53,166	41,415	7,757	49,172
Depreciation expense	261,491	35,850	297,341	248,649	32,097	280,746
Amortization expense	448	3,602	4,050	305	3,174	3,479

As of December 31, 2023 and 2022, the Company had 807 and 838 employees, respectively; and the number of directors not concurrently serving as employees was 6. The calculation basis is consistent with that for employee benefits expense.

As of December 31, 2023 and 2022, average employee benefits expense was \$789 thousand and \$876 thousand, respectively, and average employee salary expense was \$628 thousand and \$717 thousand, respectively. Average employee salary expense decreased by 12% compared to the previous year.

The principles of directors' remuneration and the payment of salary and traveling expenditures to directors shall follow the "Regulations for the Compensation of Directors and their Concurrently-Serving Functional Committees" and refer to the arms' length range of the same industry.

The performance evaluation of the Company's managerial officers not only considers the Company's overall operating performance, future business risks and development trends of the industry, but also the individual's performance achievement rate and contribution to the Company's performance to grant the reasonable compensation. The payment shall be determined in compliance with the "Policies and Regulations of Salary and Compensation" and salary-related management regulations of the Company, which shall be sufficient to commend the responsibility and risk they bear.

The performance evaluation and reasonableness of the compensation for directors shall be reviewed and approved by the Compensation Committee and the Board of Directors, by referring to the salary level of the similar position in the same industry, and by considering the reasonableness of their compensation with their personal performance, the Company's performance, and future business risks. The compensation system shall be reviewed from time to time in compliance with actual operating conditions and relevant laws and regulations, to pursue the balance between the Company's sustainable operation and risk control.

The compensation paid to employees is determined based on the provisions of the "Payroll Policy", and referred to the salary level of the similar position in the same industry, their responsibilities in the Company, and their contribution to the Company's operating goals, to grant reasonable compensation.

d. Profit sharing bonus of employees and remuneration of directors

The Articles of Incorporation of the Company were amended in June 2022. According to the provisions of the Articles of Incorporation, when the Company has a profit in the year, it should accrue employees' profit-sharing and directors' compensation at rates of 2%-6% and no higher than 2%, respectively, of net income before income tax. The Company incurred a loss for the fiscal year 2023; therefore, in accordance with the articles of association, it is not proposed to provide for employee and director remuneration. The profit-sharing bonuses of employees and remuneration of directors for the years ended December 31, 2022 was estimated as follows:

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

If there is a change in the amounts after the annual parent company only financial statements were authorized for issuance, the differences will be recorded as a change in the accounting estimate in the following year.

There is no difference between the actual amounts of profit-sharing bonuses of employees and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2022 and 2021.

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

22. INCOME TAXES

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

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 106,159	\$ 327,595
Adjustments for prior years	<u>(10,060)</u>	<u>639</u>
	96,099	328,234
Deferred tax		
In respect of the current year	(157,502)	(190,933)
Adjustments for prior years	<u>(2,028)</u>	<u>-</u>
	<u>(159,530)</u>	<u>(190,933)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ (63,431)</u>	<u>\$ 137,301</u>

A reconciliation of accounting profit and income tax expense (benefit) was as follows:

	For the Year Ended December 31	
	2023	2022
Income tax (benefit) expense calculated at the statutory rate	\$ (46,649)	\$ 131,117
Nondeductible expenses in determining taxable income	4,449	7,831
Benefits not counted in tax	(9,143)	(2,286)
Income tax adjustments on prior years	<u>(12,088)</u>	<u>639</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (63,431)</u>	<u>\$ 137,301</u>

b. Deferred tax assets and liabilities

	For the Year Ended December 31, 2023			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
<u>Deferred tax assets</u>				
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	\$ 46,915	\$ -	\$ 8,507	\$ 55,422
Unrealized valuation gain on financial assets at FVTOCI	70,171	-	-	70,171
Unrecognized gross profit of declared exports	3,381	1,935	-	5,316
Refunded debts	-	156	-	156
Unrealized gross profit on sales	-	824	-	824
Defined benefit obligations	10,306	(792)	(1,182)	8,332
Unrealized loss on inventories	35,860	14,440	-	50,300
Payables for annual leave	1,621	80	-	1,701
Unappropriated earnings of subsidiaries	128,994	137,813	-	266,807
Others	<u>1,980</u>	<u>5,074</u>	<u>-</u>	<u>7,054</u>
	<u>\$ 299,228</u>	<u>\$ 159,530</u>	<u>\$ 7,325</u>	<u>\$ 466,083</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Allowance for impairment loss on trade receivables	\$ 1,724	\$ -	\$ -	\$ 1,724
Others	<u>890</u>	<u>-</u>	<u>-</u>	<u>890</u>
	<u>\$ 2,614</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,614</u>

For the Year Ended December 31, 2022				
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
<u>Deferred tax assets</u>				
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	\$ 253,116	\$ -	\$ (206,201)	\$ 46,915
Unrealized valuation gain (loss) on financial assets at FVTOCI	73,760	-	(3,589)	70,171
Unrecognized gross profit of declared exports	21,292	(17,911)	-	3,381
Defined benefit obligations	14,328	(820)	(3,202)	10,306
Unrealized loss on inventories	13,460	22,400	-	35,860
Payables for annual leave	4,769	(3,148)	-	1,621
Unappropriated earnings of subsidiaries	-	128,994	-	128,994
Others	-	1,980	-	1,980
	<u>\$ 380,725</u>	<u>\$ 131,495</u>	<u>\$ (212,992)</u>	<u>\$ 299,228</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 59,411	\$ (59,411)	\$ -	\$ -
Allowance for impairment loss on trade receivables	1,724	-	-	1,724
Others	918	(28)	-	890
	<u>\$ 62,053</u>	<u>\$ (59,439)</u>	<u>\$ -</u>	<u>\$ 2,614</u>

c. Income tax assessments

The tax returns through 2021 of the Company have been assessed by the tax authorities.

23. EARNINGS (LOSS) PER SHARE

	Net Profit (Loss) Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings (Loss) Per Share (NT\$)
<u>For the Year Ended December 31, 2023</u>			
Basic loss per share			
Net loss for the year attributable to owners of the Company	\$ (169,815)	447,983	<u>\$(0.38)</u>
Effect of potentially dilutive ordinary shares:			
Profit sharing bonus of employees	-	-	
Convertible bonds	<u>-</u>	<u>-</u>	
Diluted loss per share			
Net loss for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ (169,815)</u>	<u>447,983</u>	<u>\$(0.38)</u>

For the Year Ended December 31, 2022

Basic earnings per share			
Net income for the year attributable to owners of the Company	\$ 518,282	445,190	<u>\$ 1.16</u>
Effect of potentially dilutive ordinary shares:			
Profit sharing bonus of employees	-	1,559	
Convertible bonds	<u>5,141</u>	<u>33,322</u>	
Diluted earnings per share			
Net income for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 523,423</u>	<u>480,071</u>	<u>\$ 1.09</u>

The Company may settle the compensation or bonuses paid to employees in cash or shares; therefore, the Company assumes that compensation or bonuses will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

The Company incurred a net loss in 2023; therefore, the dilutive effects of items such as employee compensation and convertible bonds, which have an anti-dilutive effect on earnings per share, were not considered.

24. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Company entered into the following non-cash investing and financing activities which were not reflected in the financial statements of cash flows for the years ended December 31, 2023 and 2022:

The amount of cash paid for the acquisition of property, plant and equipment during the years ended December 31, 2023 and 2022, respectively, was as follows:

	For the Year Ended December 31	
	2023	2022
Purchase of property, plant and equipment	\$ 232,788	\$ 345,894
Net changes in payables for acquisition of equipment	<u>(24,655)</u>	<u>29,234</u>
Cash payments for property, plant and equipment	<u>\$ 208,133</u>	<u>\$ 375,128</u>

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2023

	Beginning Balance	Cash Flows	Non-cash Changes			Ending Balance
			Exercise of Conversion Option	Discount Amortization	Financial Cost Amortization	
Short-term bank borrowings	\$ 4,754,074	\$ 927,004	\$ -	\$ -	\$ -	\$ 5,681,078
Bonds payable	765,149	-	(543,699)	6,790	-	228,240
Long-term bank borrowings (including current portion)	2,042,857	272,620	-	-	-	2,315,477
Guarantee deposits received	30,385	4,160	-	-	-	34,545
Lease liabilities	<u>8,356</u>	<u>(3,770)</u>	<u>-</u>	<u>-</u>	<u>147</u>	<u>4,733</u>
	<u>\$ 7,600,821</u>	<u>\$ 1,200,014</u>	<u>\$ (543,699)</u>	<u>\$ 6,790</u>	<u>\$ 147</u>	<u>\$ 8,264,073</u>

For the year ended December 31, 2022

	Beginning Balance	Cash Flows	Non-cash Changes				Change in Exchange Rate	Ending Balance
			Exercise of Conversion Option	Discount Amortization	Increasing in Leasing	Financial Cost Amortization		
Short-term bank borrowings	\$ 5,489,180	\$ (734,619)	\$ -	\$ -	\$ -	\$ -	\$ (487)	\$ 4,754,074
Bonds payable	775,775	-	(17,782)	7,156	-	-	-	765,149
Long-term bank borrowings(including current portion)	900,000	1,142,857	-	-	-	-	-	2,042,857
Guarantee deposits received	30,630	(245)	-	-	-	-	-	30,385
Lease liabilities	<u>3,106</u>	<u>(3,579)</u>	<u>-</u>	<u>-</u>	<u>8,722</u>	<u>107</u>	<u>-</u>	<u>8,356</u>
	<u>\$ 7,198,691</u>	<u>\$ 404,414</u>	<u>\$ (17,782)</u>	<u>\$ 7,156</u>	<u>\$ 8,722</u>	<u>\$ 107</u>	<u>\$ (487)</u>	<u>\$ 7,600,821</u>

25. CAPITAL MANAGEMENT

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

The capital structure of the Company consists of net debt (borrowings offset by cash) and equity of the Company (comprising issued capital, capital surplus, retained earnings, and other equity).

The Company is not subjected to any externally imposed capital requirements.

Key management personnel of the Company review the capital structure on a quarterly basis. As part of this review, the key management personnel of the Company consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the key management personnel, the Company expects to balance its capital structure through the payment of dividends, issuance of new shares, repurchase of shares and issuance of new debt or repayment of old debt.

26. FINANCIAL INSTRUMENTS

a. Fair value

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

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

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

a) Fair Value Hierarchy

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

	Level 1	Level 2	Level 3	Total
<u>December 31, 2023</u>				
Financial assets at FVTPL				
Domestic listed shares	\$ 198,000	\$ -	\$ -	\$ 198,000
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic and foreign unlisted shares	1,430,127	-	182,253	1,612,380
Investments in debt instruments				
Trade receivables	-	-	23,787	23,787
	<u>\$ 1,628,127</u>	<u>\$ -</u>	<u>\$ 206,040</u>	<u>\$ 1,834,167</u>
<u>December 31, 2022</u>				
Financial assets at FVTPL				
Domestic listed shares	\$ 248,011	\$ -	\$ -	\$ 248,011
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic and foreign unlisted shares	2,458,291	-	182,253	2,640,544
Investments in debt instruments				
Trade receivables	-	-	12,047	12,047
	<u>\$ 2,706,302</u>	<u>\$ -</u>	<u>\$ 194,300</u>	<u>\$ 2,900,602</u>
Financial liabilities at FVTPL				
Derivatives	\$ -	\$ -	\$ 236	\$ 236

There were no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022.

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

For the year ended December 31, 2023

Financial Assets	Financial Assets at FVTOCI		Total
	Equity Instruments	Debt Instruments	
Balance at January 1, 2023	\$ 182,253	\$ 12,047	\$ 194,300
Net increase in trade receivables	-	157,233	157,233
Trade receivables factoring	-	(145,493)	(145,493)
Balance at December 31, 2023	<u>\$ 182,253</u>	<u>\$ 23,787</u>	<u>\$ 206,040</u>

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTOCI		Total
	Equity Instruments	Debt Instruments	
Balance at January 1, 2022	\$ 164,311	\$ 48,380	\$ 212,691
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	17,942	-	17,942
Net increase in trade receivables	-	37,240	37,240
Trade receivables factoring	-	(73,573)	(73,573)
Balance at December 31, 2022	<u>\$ 182,253</u>	<u>\$ 12,047</u>	<u>\$ 194,300</u>

Financial Liabilities at FVTPL	For the Year Ended December 31	
	2023	2022

Derivatives

Balance at January 1	\$ 236	\$ 966
Recognized in profit or loss (included in other gains and losses)	(236)	(730)
Balance at December 31	<u>\$ -</u>	<u>\$ 236</u>

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

Financial Instrument	Valuation Technique and Inputs
Foreign unlisted shares in equity instruments	Discounted cash flow: Consideration of long-term revenue growth rate, long-term pre-tax operating profit margin, weighted average cost of capital (WACC), liquidity discount and other factors, and calculate the present value of expected returns from holding this investment. Market approach: In the market approach, the selling price of comparable companies was used to estimate the fair value of the target asset through comparison, analysis and adjustments.

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Factored trade receivables	As the effect of discounting is not significant, the fair value is measured based on the original invoice amount.
Financial liabilities at FVTPL	The binomial tree evaluation model of convertible bonds: Consideration of the duration, the share price and volatility of the convertible bond object, conversion price, risk-free interest rate, discount rate, liquidity risk of the convertible bonds and other factors

b. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 198,000	\$ 248,011
Amortized cost	1,643,017	1,566,514
FVTOCI		
Equity instruments	1,612,380	2,640,544
Trade receivables	23,787	12,047
<u>Financial liabilities</u>		
Amortized cost	8,582,985	8,044,418
FVTPL		
Derivatives	-	236

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

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

c. Financial risk management objectives and policies

The Company's major financial instruments include equity, trade receivables, trade payables, borrowings, and lease liabilities. The Company's financial department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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

1) Market risk

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

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

a) Foreign currency risk

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

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

Sensitivity analysis

The Company is mainly exposed to the USD.

The following table details the Company's sensitivity to a 1% increase and decrease in the NTD against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency-denominated monetary items and foreign exchange forward contracts designated as cash flow hedges and adjusted their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase in profit (loss) before income tax associated with the NTD strengthening by 1% against the relevant currency. For a 1% weakening of the NTD against the relevant currency, there would be an equal and opposite impact on profit (loss) before income tax, and the balances below would be negative.

	Impact on profit or loss	
	For the Year Ended	
	December 31	
	2023	2022
NTD/USD	\$ 11,166	\$ 9,093

b) Interest rate risk

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

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

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 2,100	\$ 2,100
Financial liabilities	232,973	773,505
Cash flow interest rate risk		
Financial assets	430,065	485,353
Financial liabilities	7,996,555	6,796,931

Sensitivity analysis

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

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Company's profit (loss) before income tax for the years ended December 31, 2023 and 2022 would have decreased/increased by \$7,566 thousand and \$6,312 thousand, respectively.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher or lower, pre-tax profit (loss) for the year ended December 31, 2023 and 2022 would have changed by \$1,980 thousand and \$2,480 thousand, respectively.

2) Credit risk

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

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

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

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the amount of unused financing facilities was as follows:

	December 31	
	2023	2022
Amount of unused bank financing facilities	<u>\$ 13,575,151</u>	<u>\$ 13,975,779</u>

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

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

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

	Less than 1 Year	1-5 Years	Total
<u>December 31, 2023</u>			
Non-interest bearing liabilities	\$ 323,645	\$ -	\$ 323,645
Lease liabilities	2,771	2,160	4,931
Floating interest rate liabilities	6,152,507	1,844,048	7,996,555
Fixed interest rate liabilities	<u>-</u>	<u>232,400</u>	<u>232,400</u>
	<u>\$ 6,478,923</u>	<u>\$ 2,078,608</u>	<u>\$ 8,557,531</u>
<u>December 31, 2022</u>			
Non-interest bearing liabilities	\$ 451,953	\$ -	\$ 451,953
Lease liabilities	3,771	4,931	8,702
Floating interest rate liabilities	4,914,788	1,882,143	6,796,931
Fixed interest rate liabilities	<u>-</u>	<u>786,400</u>	<u>786,400</u>
	<u>\$ 5,370,512</u>	<u>\$ 2,673,474</u>	<u>\$ 8,043,986</u>

d. Transfers of financial assets

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

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received Unused	Advances Received Used	Annual Interest Rates on Advances Received (Used)
<u>December 31, 2023</u>					
Fubon bank	\$ 467,748 (USD 15,234)	\$ 458,742 (USD 14,940)	\$ 411,967 (USD 13,417)	\$ 9,006 (USD 293)	2M TAFIX3 +0.25%
<u>December 31, 2022</u>					
Fubon bank	\$ 356,417 (USD 11,606)	\$ 217,211 (USD 7,073)	\$ 161,699 (USD 5,265)	\$ 139,205 (USD 4,533)	2M TAFIX3 +0.25%

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

27. TRANSACTIONS WITH RELATED PARTIES

a. Categories of related parties

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

b. Sales revenue

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries	\$ -	\$ 92,827
Other related parties	<u>2,814</u>	<u>2,944</u>
	<u>\$ 2,814</u>	<u>\$ 95,771</u>

The sales price and receivable terms for related parties are not significantly different from those of non-related parties.

c. Costs of goods sold

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries	<u>\$ 6,813</u>	<u>\$ -</u>

The purchase price and payment terms from related parties are not significantly different from those of non-related parties.

d. Receivables from related parties

Line Item	Related Party Category	December 31	
		2023	2022
Trade receivables	Other related parties	\$ <u>681</u>	\$ <u>544</u>

e. Other income

	For the Year Ended December 31	
	2023	2022
Subsidiaries	\$ 66	\$ 66
Other related parties	<u>30</u>	<u>30</u>
	<u>\$ 96</u>	<u>\$ 96</u>

f. Remuneration of key management personnel

Remuneration of key management personnel was as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 21,887	\$ 51,977
Post-employment benefits	<u>344</u>	<u>388</u>
	<u>\$ 22,231</u>	<u>\$ 52,365</u>

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2023	2022
Pledged time deposits (classified as other current assets)	\$ <u>2,100</u>	\$ <u>2,100</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencies and unrecognized commitments of the Company as of December 31, 2023 and 2022 were as follows:

- As of December 31, 2023 and 2022, unused letters of credit for purchases of raw materials amounted to \$140,437 thousand and \$479,217 thousand, respectively.
- As of December 31, 2023 and 2022, unpaid contracts for purchases of raw materials and equipment amounted to \$593,943 thousand and \$962,428 thousand, respectively.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	December 31					
	2023			2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Monetary items</u>						
Financial assets						
USD	\$	36,416	30.705	\$	32,040	30.71
			\$ 1,118,147			\$ 983,951
Financial liabilities						
USD		51	30.705		2,431	30.71
			1,560			74,669
<u>Non-monetary items</u>						
Investments accounted for using the equity method						
TRY		5,700,329	1.044		3,076,329	1.643
			5,947,025			5,044,831

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

	For the Year Ended December 31			
	2023		2022	
Functional Currency	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gains (Losses)	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gains (Losses)
USD	30.705 (USD:NTD)	\$ 38,609	30.71 (USD:NTD)	\$ 151,664

31. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)

- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 9) Trading in derivative instruments (None)
- 10) Other (None)
- b. Information on investees (Table 5)
- c. Information on investments in mainland China (None)
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 6)

TABLE 1

YC INOX CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currency)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 3)	Ending Balance (Note 3)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)	Note
													Item	Value			
0	The Company	YC INOX TR Company	Other receivables- related party	Y	\$ 1,621,250 (USD 50,000)	\$ 1,535,250 (USD 50,000)	\$ -	7.67%	Short-term financing	\$ -	Operation	\$ -	-	\$ -	\$ 1,790,033	\$ 3,580,067	

Note 1: 0 represents the parent company.

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

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

TABLE 2

YC INOX CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currency)

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	The Company	YC INOX TR Company	Subsidiary	\$ 1,790,033	\$ 324,250 (USD10,000)	\$ 307,050 (USD10,000)	\$ 5,805	\$ -	3.43	\$ 3,580,067	Y	-	-	-

Note 1: 0 represents the parent company.

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

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

TABLE 3

YC INOX CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars and Shares)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Company	<u>Ordinary Shares</u>						
	Ta Chen Stainless Pipe Co., Ltd	None	Financial assets at FVTPL - current	5,000	\$ 198,000	0.21	\$ 198,000
	AltruBio Inc.	None	Financial assets at FVTOCI - non-current	11,051	63,987	9.31	63,987
	Gongwin Biopharm Holdings Co., Ltd.	None	Financial assets at FVTOCI - non-current	7,910	1,430,127	6.98	1,430,127
	<u>Preference Shares</u>						
	AltruBio Inc. - Series A-2	None	Financial assets at FVTOCI - non-current	20,426	118,266	23.00	118,266
Chi Mao Company	<u>Ordinary Shares</u>						
	AltruBio Inc.	None	Financial assets at FVTOCI - non-current	560	3,242	0.47	3,242
	Gongwin Biopharm Holdings Co., Ltd.	None	Financial assets at FVTOCI - non-current	871	157,462	0.77	157,462
	<u>Preference Shares</u>						
	AltruBio Inc. - Series A-1	None	Financial assets at FVTOCI - non-current	15,915	92,150	4.74	92,150

TABLE 4

YC INOX CO., LTD AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note 2)		Acquisition (Note 3)		Disposal				Ending Balance (Note 2)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
The Company	Ordinary shares (Note 1)	Investment accounted for using the equity method	YC INOX TR Company	Subsidiary	2,552	\$ 5,044,831	1,133	\$ 1,628,341	-	\$ -	\$ -	\$ -	3,685	\$ 5,947,025

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

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

Note 3: Refer to Note 11 of financial statements.

TABLE 5

YC INOX CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount		
The Company	Chi Mao Company	Shijou Township, Chang-Hwa County, Taiwan	Investment	\$ 100,120	\$ 100,120	10,000,000	100	\$ 190,698	\$ (1,785)	\$ (1,785)
	YC INOX TR Company	Turkey	Manufacturing and distribution of stainless steel tubes/pipes and sheets/coils	7,562,295	5,933,954	3,685	100	5,947,025	(689,068)	(689,068)

TABLE 6**YC INOX CO., LTD****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares Held	Percentage of Ownership(%)
Tai Chyang Investment Co., Ltd.	61,209,508	13.02
Chang, Chin-Peng	26,030,000	5.53

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

YC INOX CO., LTD.



chairman: chang, chin-yu





No. 270, Sec. 4, Jungshan Road.,
Shijou Shiang, Chang-Hwa County 524,
Taiwan