

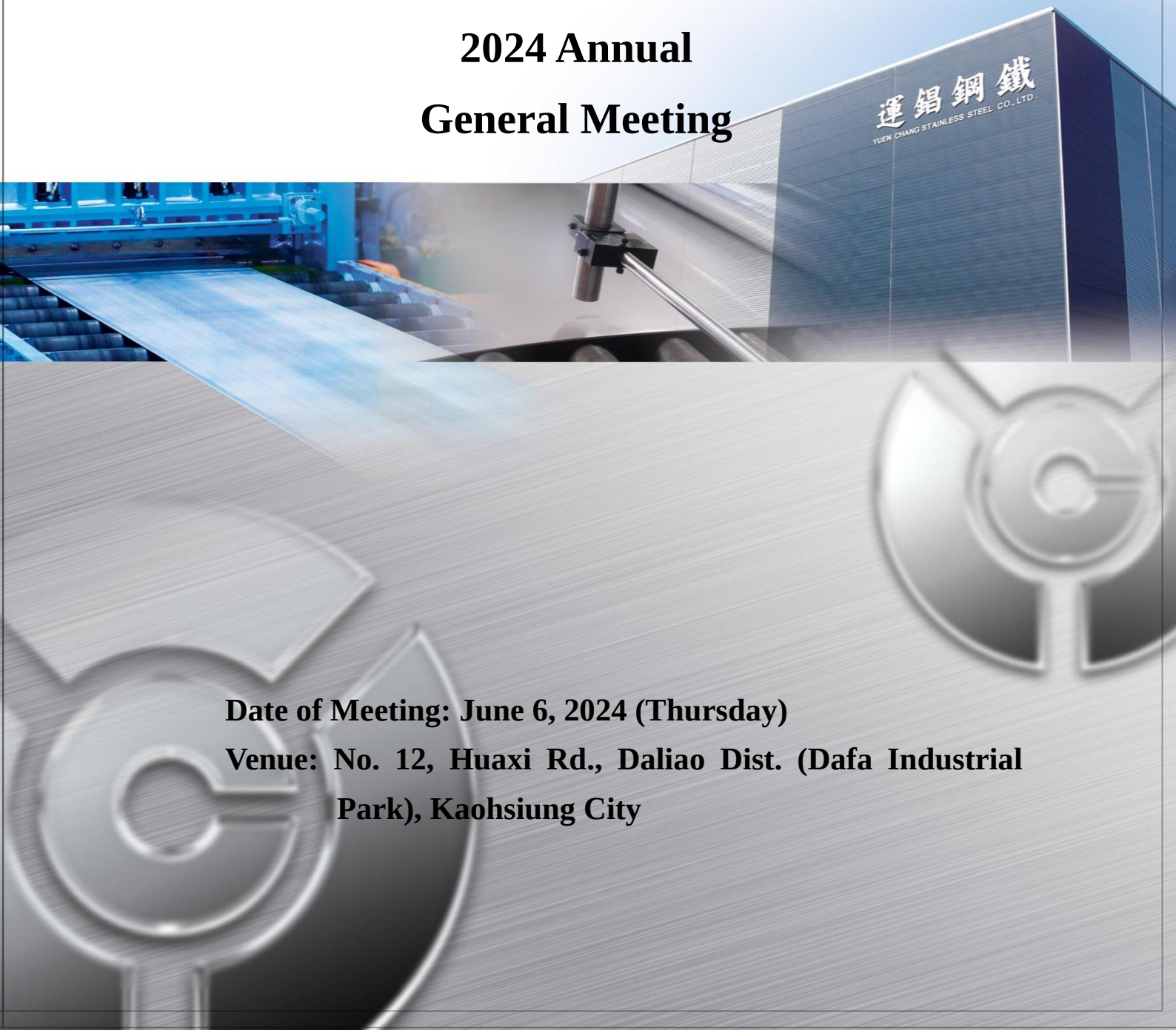
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Stock Code: 2069



**YUEN CHANG
STAINLESS STEEL**

**2024 Annual
General Meeting**



Date of Meeting: June 6, 2024 (Thursday)

**Venue: No. 12, Huaxi Rd., Daliao Dist. (Dafa Industrial
Park), Kaohsiung City**

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Yuen Chang Stainless Steel Co., Ltd.

2024 Annual General Meeting Procedure

- I. Call the meeting to order
- II. Chairperson's opening remarks
- III. Report Matters
- IV. Proposals and Acknowledgment
- V. Discussion Matters
- VI. Extempore Motions
- VII. Adjournment

Yuen Chang Stainless Steel Co., Ltd.

2024 Annual General Meeting Agenda

Time: June 6, 2024 (Thursday), 10:00AM

Venue: No. 12, Huaxi Rd., Daliao Dist. (Dafa Industrial Park), Kaohsiung City (Dafa Plant of the Company)

Method for convening the meeting: Annual General Meeting in a tangible form.

I. Call the meeting to order (report the total number of shares represented by the present shareholders)

II. Chairperson's opening remarks

III. Report Matters

- (1) 2023 Business Report.
- (2) 2023 Audit Committee's Review Report.
- (3) 2023 Report on compensation to directors
- (4) Report on issuance of corporate bonds
- (5) Report on implementation status of treasury stock

IV. Proposals and Acknowledgment

- (1) 2023 Business report and financial statements.
- (2) 2023 Deficit compensation proposal

V. Discussion Matters

- (1) Distribution of cash from capital surplus.
- (2) Amendments to certain provisions of the Company's "Articles of Incorporation"
- (3) Amendments to certain provisions of the Company's "Operating Procedure for Loaning to Others."
- (4) Amendments to certain provisions of the Company's "Rules of Procedure for Shareholders' Meeting"

VI. Extempore Motions

VII. Adjournment

Report Matters

(I) The 2023 business report is presented for review.

Explanation: For the Company's 2023 business report, please refer to Pages 8~9 hereof (Attachment 1).

(II) The 2023 Audit Committee's review report is presented for review.

Explanation: For the Company's 2023 Audit Committee's Audit Report, please refer to Page 10 hereof (Attachment 2).

(III) The 2023 report on compensation to directors is presented for review.

Explanation: 1. According to Article 17 of the Articles of Incorporation, the Board of Directors is authorized to resolve the remuneration to all directors based on their participation in the Company's operation and contribution value and the typical pay levels adopted by peer companies, irrelevant with profit or loss retained by the Company.

2. Article 20 of the Articles of Incorporation also requires that no more than 2% thereof shall be distributed as the remuneration to directors.

3. For the details about the remuneration to directors, please refer to Page 11 hereof (Attachment 3).

(IV) The report on issuance of corporate bonds is presented for review.

Explanation:

Type of corporate bond	Domestic 4th unsecured convertible corporate bonds
Date of issuance	November 25, 2021
Par value	NT\$100,000
Issue price	Issued at 111.60% of the par value The fund raised actually was NT\$334,809,610.
Total amount	NT\$300 million
Interest rate	Annual coupon rate 0%
Term	3 years
Cause of raising	Repayment of bank loans
Outstanding principal	NT\$000 million
Issuance of corporate bonds	The trading on TPEx has been terminated on January 26, 2024

(VI) The report on implementation status of treasury stock is presented for review.

Explanation:

Serial number of the term of buyback	2nd (Term)
Purpose of buyback	Transfer of shares to employees
Period of buyback	March 23, 2020 – May 19, 2020
Buyback price range	9.00 – 18.00 (The Company will continue the buyback if its stock price is less than the price range.)
Category and quantity of buyback	2,700,000 ordinary shares
Amount of buyback	NT\$40,787,529
Quantity of buyback to the scheduled quantity of buyback (%)	54%
Quantity of shares having been canceled and transferred	2,700,000 shares
Cumulative quantity of the issued shares held by the Company.	0 shares
Cumulative quantity of the issued shares held by the Company to the total quantity of shares issued by the Company (%)	0%

Proposals and Acknowledgment

1st Proposal (Proposed by the Board of Directors)

Summary: 2023 Business report and financial statements.

Explanation: 1. The 2023 business report and consolidated financial statements & parent company only financial statements have been prepared accordingly. The financial statements already audited by Hsu Kai-Ning, CPA and Wu Chang-Chun, CPA of Deloitte Taiwan, together with the business report, were submitted to the Audit Committee for review, for which the Audit Committee already issued the review report.

2. For the business report, External Auditor's Report and said financial statements, please refer to Pages 8~9 hereof (Attachment 1) and Pages 12~30 hereof (Attachment 4 and Attachment 5).

3. Hereby proposed for acknowledgment.

Resolution:

2nd Proposal (Proposed by the Board of Directors)

Summary: 2023 Deficit compensation proposal

Explanation: 1. The Company's 2023 net income was NT\$149,149,283. According to the Company Act and Article 19 of the Company's Articles of Incorporation, the Company prepared the deficit compensation proposal. Please refer to Page 31 hereof (Attachment 6).

2. Hereby proposed for acknowledgment.

Resolution:

Discussion Matters

1st Proposal (Proposed by the Board of Directors)

Summary: Distribution of cash from capital surplus.

Explanation: 1. The Company intends to appropriate NT\$83,193,418 from the capital surplus at the premium from the issuance of shares above the par value, as the cash dividend distributed at NT\$0.5 per share based on the shareholders and their shareholding recorded in the shareholder roster on the base date of payment.

2. After the cash distribution is approved by the annual general meeting, the Chairman is authorized to set a new payout date and other related matters.
3. Where the changes in the Company's capital stock, if any, affect the number of outstanding shares and thereby cause changes the payout ratio, in which case certain correction is needed, the Chairman shall be authorized by a shareholders' meeting to deal with it with full power.
4. The cash distribution percentage from capital surplus is calculated to the nearest NTD, and rounded up to the nearest NT\$1. The total of fractional amounts that are less than NT\$1 will be adjusted from large to small decimals and from earlier to later account numbers in order to meet the requirements of the total cash payment from capital surplus.
5. Hereby proposed for discussion.

Resolution:

2nd Proposal (Proposed by the Board of Directors)

Summary: Amendments to certain provisions of the Company's "Articles of Incorporation"

Explanation: 1. In response to the Company's future development, the Company plans to amend certain provisions of the "Articles of Incorporation."

2. For the comparative table of the "Articles of Incorporation" before and after the amendments, please refer to Page 32 hereof (Attachment 7).
3. For the "Articles of Incorporation" before the amendments, please refer to Pages 35~38 hereof (Appendix 1).
4. Hereby proposed for discussion.

Resolution:

3rd Proposal (Proposed by the Board of Directors)

Summary: Amendments to certain provisions of the Company's "Operating Procedure for Loaning to Others."

Summary: 1. The amendments made to certain provisions of the Company's "Operating Procedure for Loaning of Funds to Others" in response to the business needs.
2. For the comparative table of the "Operating Procedure for Loaning of Funds to Others" before and after the amendments, please refer to Page 33 hereof (Attachment 8).
3. For the comparative table of the "Operating Procedure for Loaning of Funds to Others" before the amendments, please refer to Pages 39~42 hereof (Appendix 2).
4. Hereby proposed for discussion.

Resolution:

4th Proposal (Proposed by the Board of Directors)

Summary: Amendments to certain provisions of the Company's "Rules of Procedure for Shareholders' Meeting"

Explanation: 1. In response to the relevant laws and regulations promulgated by the competent authority, the Company amended certain provisions of its "Rules of Procedure for Shareholders' Meeting."
2. For the comparative table of the "Rules of Procedure for Shareholders' Meeting" before and after the amendments, please refer to Page 34 hereof (Attachment 9).
3. For the "Rules of Procedure for Shareholders' Meeting" before the amendments, please refer to Pages 43~47 hereof (Appendix 3).
4. Hereby proposed for discussion.

Resolution:

Extempore Motions

Adjournment

2023 Business Report

I. 2023 Business Report

The operating revenue in 2023 declined by 16%, primarily as a result of the impact posed by the weak demand and declining nickel price, which dragged down the stainless steel market and resulted in the operating revenue less than expectation. The 2023 business performance is reported as follows:

(I) Implementation results of the business plan

Unit: NTD thousand

Item	Performance in 2022	Performance in 2023	Comparison of performance	Growth rate
Operating revenue, net	14,042,665	11,837,852	-2,204,813	-15.7%

(II) Budget execution

Unit: NTD thousand

Item	Scheduled execution in 2023	Actual execution in 2023	Achievement rate
Operating Revenue	12,490,384	11,837,852	94.78%
Sale volume (MT)	180,890	164,340	90.85%

(III) Profitability analysis

Year	2022	2023
Gross profit margin	8.34%	3.48%
Net profit margin	1.36%	-1.26%

(IV) Revenue and expenditure

Unit: NTD thousand

Item	2022	2023	Change in Amount	Note
Net cash inflow (outflow) from operating activities	2,138,703	(91,680)	(2,230,383)	1
Net cash inflow (outflow) from investing activities	(3,624)	(140,371)	(136,747)	2
Cash inflow (outflow) from financing activities	(2,252,022)	292,186	2,544,208	3

Note 1: The increase in net cash outflow from operating activities is mainly due to the loss in the current period, and the decrease in inventory amount in the current year from last year.

Note 2: The increase in the net cash inflow from investing activities is primarily a result of the decrease in deposits pledged in the pervious period while none this period.

Note 3: The increase in the short-term loan by NT\$648,019 thousand and repayment of the corporate bonds, NT\$300,584 thousand, in the current period resulted in the increase in net cash inflow from financing activities.

(V) R&D

The Company has assigned the unit dedicated to improving and developing the product processing technology. In order to satisfy customers' special needs, the Company has researched and developed the functional stainless steel plates intended for various uses, and held mature production experience and manufacturing technology, which upgrade the Company's independent innovation capabilities and comprehensive competitiveness thoroughly. For the time being, the Company's products are extensively applied to computers, communications, and consumer electronics, automobile industry, eco-friendly energy, household appliances, button cell batteries and construction projects. Considering that the Company owns ultra-thin precision stainless steel production technique, it will continue to optimize its product portfolio and develop high value-added products, and also keep improving its applications to car trims, electronics and energy and eco-friendly batteries.

Thank you for your kindness and support in the past. Looking forward to the coming year, the Company will continue to develop and create more competitive products, reduce the production cost, provide customers with more competitive price, help customers secure opportunities in the market, and pursue common prosperity for customers, shareholders, employees and suppliers, in order to create a future full of remarkable results!

Chairman: Yen Te-Ho

General Manager: Yen The-Wei

Accounting Manager: Chu Pei-Chen

Audit Committee's Report

Yuen Chang Stainless Steel Co., Ltd.

Audit Committee's Review Report

The Company's 2023 business report and financial statements (including consolidated financial statements) have been prepared and submitted by the Board of Directors. Among the other things, the financial statements (including consolidated financial statements) were already audited by Hsu Kai-Ning, CPA and Wu Chang-Chun, CPA of Deloitte Taiwan appointed by the Board of Directors, who issued the external auditor's report accordingly. Based on the Audit Committee's review on said report and statements prepared and submitted by the Board of Directors, it found no inconsistency existing. The Report is presented in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

The Company's 2024 Annual General Meeting

Yuen Chang Stainless Steel Co., Ltd.

Convener of Audit Committee: Chen Chih-Cheng

March 8, 2024

[Attachment 3]

Compensation to Directors

Unit: NT\$ Thousand; Shares in Thousand; %

Job Title	Name (Note 1)	Remuneration to directors								Sum of A, B, C, and D as a Percentage of Net Income		Employee compensation received by directors								Sum of A, B, C, D, E, F, and G as a Percentage of Net Income		Compensation from investees other than subsidiaries or from the parent company	
		Remuneration (A)		Severance payment and pension (B)		Remuneration to directors (C)		Professional practice fees (D)				Salaries, bonuses and special allowances, etc. (E)		Severance payment and pension (F)		Employee remuneration (G)							
		The Company	Companies Included in the Financial Statements	The Company	Companies Included in the Financial Statements	The Company	Companies Included in the Financial Statements	The Company	Companies Included in the Financial Statements	The Company	Companies Included in the Financial Statements	The Company	Companies Included in the Financial Statements	The Company	Companies Included in the Financial Statements	The Company		Companies Included in the Financial Statements		The Company	Companies Included in the Financial Statements		
																Amount in cash	Amount in stock	Amount in cash	Amount in stock				
Chairman	Yen Te-Ho	4,806	4,806	-	-	-	-	28	28	-3.24%	-3.24%	-	-	-	-	-	-	-	-	-3.24%	-3.24%	None	
Director	Yen The-Wei	354	354	-	-	-	-	28	28	-0.26%	-0.26%	1,366	1,366	-	-	-	197	-	197	-	-1.30%	-1.30%	None
Director	Yen Po-Chien	153	153	-	-	-	-	10	10	-0.11%	-0.11%	900	2,525	-	-	-	189	-	189	-	-0.84%	-1.93%	None
Director	Huang Hung-Chieh	153	153	-	-	-	-	10	10	-0.11%	-0.11%	-	-	-	-	-	-	-	-	-0.11%	-0.11%	None	
Director	Chang Yun-Ching	201	201	-	-	-	-	18	18	-0.15%	-0.15%	812	812	-	-	-	70	-	70	-	-0.74%	-0.74%	None
Independent director	Tseng Chi-Kuo	153	153	-	-	-	-	14	14	-0.11%	-0.11%	-	-	-	-	-	-	-	-	-0.11%	-0.11%	None	
Independent director	Chen Mu-Tan	153	153	-	-	-	-	14	14	-0.11%	-0.11%	-	-	-	-	-	-	-	-	-0.11%	-0.11%	None	
Independent director	Pan Yung-Shan	354	354	-	-	-	-	28	28	-0.26%	-0.26%	-	-	-	-	-	-	-	-	-0.26%	-0.26%	None	
Independent director	Tu Chin-Hsiang	201	201	-	-	-	-	18	18	-0.15%	-0.15%	-	-	-	-	-	-	-	-	-0.15%	-0.15%	None	
Independent director	Chen Chih-Cheng	201	201	-	-	-	-	18	18	-0.15%	-0.15%	-	-	-	-	-	-	-	-	-0.15%	-0.15%	None	
Independent director	Liu Hsin-Hung	201	201	-	-	-	-	18	18	-0.15%	-0.15%	-	-	-	-	-	-	-	-	-0.15%	-0.15%	None	

Consolidated Financial Statements and Independent Auditor's Report 2023

External Auditor's Report

To: Yuen Chang Stainless Steel Co., Ltd.

Audit Opinions

We have completed our review on the Consolidated Balance Sheet of Yuen Chang Stainless Steel Co., Ltd. (hereinafter referred to as the "Company") and its subsidiaries on December 31, 2023 and 2022, and Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, and Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) for January 1 to December 31, 2023 and 2022.

In our opinion, said consolidated financial statements in all major respects are in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), IFRIC Interpretation, or SIC Interpretation endorsed by the Financial Supervisory Commission. They are sufficient to adequately express the consolidated financial status of the Company and its subsidiaries as of December 31, 2023 and 2022 and its consolidated financial performance and consolidated cash flow from January 1 through December 31, 2023 and 2022.

Basis for the Audit Opinions

We are entrusted to conduct our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of the report. We are independent of the Company and its subsidiaries 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 opinions, based on our audit results and the other external auditors' report.

Key Audit Matters

Key audit matters refer to the most important matters for the audit of 2023 consolidated financial statements of the Company and its subsidiaries based on our professional judgment. 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.

Key audit matters of 2023 consolidated financial statements of the Company and its subsidiaries are hereby stated as follows:

Adequacy of the deadline for sales revenue

According to the delivery terms and conditions agreed on by the Company, its subsidiaries, and customers, there was a deviation between the physical shipping date and delivery date or on board date. We evaluated that revenue risk might be recognized earlier than the actual delivery or on board. Therefore, we identify the adequacy of the deadline for the sales revenue close to the balance sheet date as the key audit matters.

Meanwhile, we also perform the following primary audit procedures:

- I. Test the internal control related to adequacy of the deadline for recognition of the revenue.
- II. Perform the random check on customers' orders, shipping bills and sales invoices from the statement of operating revenue to identify whether the buyers identified in the customers' orders and sales invoices are identical, and whether the sales invoice amount is consistent with the recognized revenue, and also perform the random check on external shipment certificates from the statement of operating revenue close to the balance sheet date to confirm whether the sales revenue is recognized for the applicable accounting period.

Other information

The Company has prepared the parent company only financial statements for 2023 and 2022, and the audit reports with unqualified opinions that we have issued are on file for reference.

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

The 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 with International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), IFRIC Interpretation, or SIC Interpretation endorsed by the Financial Supervisory Commission, 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, the management is responsible for assessing the ability of the Company and its subsidiaries to continue operations, disclosing related matters, as well as continuing operations with the basis of accounting, unless the management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no feasible alternative but to do so.

Those charged with governance (including Audit Committee) are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

External Auditors' Responsibilities for the Audit on Consolidated Financial Statements

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

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- I. 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.
- II. 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 internal control of the Company and its subsidiaries.
- III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- IV. Conclude on the appropriateness of the management's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its subsidiaries to continue as a going concern, based on the audit evidence obtained. 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 Company and its subsidiaries to cease to continue as a going concern.
- V. Evaluate the overall presentation, structure, and contents of the consolidated financial statements, including the related notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- VI. Obtain sufficient and appropriate audit evidence regarding the financial information of entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion on the Group.

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 under the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and to communicate with them all relationships and other matters that may reasonably be considered affecting our independence, and where applicable, other matters (including related safeguards).

From the matters communicated with the governance unit, we have determined key audit matters of 2023 consolidated financial statements of the Company and its subsidiaries. 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.

Deloitte Taiwan

CPA: Hsu Kai-Ning

CPA: Wu Chang-Chun

Approval reference of the Financial
Supervisory Commission

Jin-Guan-Zheng-Shen-Zi No.
1090347472

Approval reference of the Financial
Supervisory Commission

Jin-Guan-Zheng-Shen-Zi No. 1110348898

March 8, 2024

Yuen Chang Stainless Steel Co., Ltd. and its subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ Thousand

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	\$ 224,686	3	\$ 190,822	2
1150	Notes receivable (Notes 8 and 19)	81,833	1	34,258	-
1170	Net accounts receivable (Notes 8, 19, 26 and 28)	926,142	11	757,189	9
1200	Other receivables	94,361	1	83,155	1
1310	Inventory (Note 9)	2,510,774	29	2,819,849	32
1410	Prepayments	33,430	-	117,888	1
1476	Other financial assets— current (Notes 10 and 28)	112,020	1	109,722	1
1479	Other current assets	26,554	-	27,225	-
11XX	Total current assets	<u>4,009,800</u>	<u>46</u>	<u>4,140,108</u>	<u>46</u>
	Non-current assets				
1600	Property, plant and equipment (Notes 11, 20, 24 and 28)	4,286,058	50	4,480,831	50
1755	Right-of-use assets (Notes 12, 20 and 28)	109,214	1	114,863	1
1760	Investment property (Notes 13 and 28)	45,380	1	45,380	1
1840	Deferred income tax assets (Note 21)	194,210	2	149,184	2
1915	Prepayments for equipment	29,820	-	24,693	-
1990	Other non-current assets (Note 20)	4,761	-	5,575	-
15XX	Total non-current assets	<u>4,669,443</u>	<u>54</u>	<u>4,820,526</u>	<u>54</u>
1XXX	Total assets	<u>\$ 8,679,243</u>	<u>100</u>	<u>\$ 8,960,634</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Notes 14 and 28)	\$ 2,898,776	33	\$ 2,393,344	27
2110	Short-term notes and bills payable (Note 14)	370,000	4	280,000	3
2120	Financial liabilities at fair value through profit or loss (Notes 7, 15 and 26)	-	-	2,812	-
2130	Contract liabilities— current (Note 19)	156,739	2	190,992	2
2150	Notes payable	16,370	-	20,887	-
2170	Accounts payable	35,963	-	163,619	2
2219	Other payables (Note 16)	209,876	3	230,819	3
2230	Current income tax liabilities	4,297	-	116,031	1
2280	Lease liabilities - current (Note 12)	142	-	254	-
2321	Corporate bonds payable - current portion (Notes 15 and 26)	2,439	-	310,962	4
2322	Long-term loans - current portion (Notes 14 and 28)	147,648	2	-	-
2399	Other current liabilities	4,453	-	4,476	-
21XX	Total current liabilities	<u>3,846,703</u>	<u>44</u>	<u>3,714,196</u>	<u>42</u>
	Non-current liabilities				
2540	Long-term loans (Notes 14 and 28)	1,004,053	12	1,053,162	12
2570	Deferred income tax liabilities (Note 21)	39,254	-	45,741	-
2645	Deposit received	11,342	-	13,256	-
25XX	Total non-current liabilities	<u>1,054,649</u>	<u>12</u>	<u>1,112,159</u>	<u>12</u>
2XXX	Total liabilities	<u>4,901,352</u>	<u>56</u>	<u>4,826,355</u>	<u>54</u>
	Equity attributable to owners of the Company (Note 18)				
3110	Ordinary share capital	1,663,868	19	1,663,868	18
3200	Capital surplus	1,326,323	15	1,323,687	15
	Retained earnings				
3310	Legal reserve	315,505	4	296,047	4
3320	Special reserve	152,537	2	199,095	2
3350	Undistributed earnings	537,425	6	824,511	9
3300	Total retained earnings	<u>1,005,467</u>	<u>12</u>	<u>1,319,653</u>	<u>15</u>
3400	Other equity	(217,767)	(2)	(152,535)	(2)
3500	Treasury stocks	-	-	(20,394)	-
3XXX	Total equity	<u>3,777,891</u>	<u>44</u>	<u>4,134,279</u>	<u>46</u>
3X2X	Total liabilities and equity	<u>\$ 8,679,243</u>	<u>100</u>	<u>\$ 8,960,634</u>	<u>100</u>

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

(Please refer to the audit report issued by Deloitte Taiwan on March 20, 2020.)

Chairman: Yen Te-Ho

General Manager: Yen Te-Ho

Accounting Manager: Chu Pei-Chen

Yuen Chang Stainless Steel Co., Ltd. and its subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NTD thousand, except for the earnings (loss) per share (NTD)

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue, net (Note 19)	\$ 11,837,852	100	\$ 14,042,665	100
5000	Operating costs (Notes 9 and 20)	<u>11,425,845</u>	<u>97</u>	<u>12,871,784</u>	<u>91</u>
5900	Gross profit	<u>412,007</u>	<u>3</u>	<u>1,170,881</u>	<u>9</u>
	Operating expenses (Notes 8 and 20)				
6100	Selling expenses	295,101	3	636,927	5
6200	Administrative expenses	150,510	1	131,452	1
6300	R&D expenses	20,216	-	29,373	-
6450	Loss on (gain on reversal of) expected credit impairment	<u>45</u>	<u>-</u>	<u>(148)</u>	<u>-</u>
6000	Total operating expenses	<u>465,872</u>	<u>4</u>	<u>797,604</u>	<u>6</u>
6900	Net operating profit (loss)	<u>(53,865)</u>	<u>(1)</u>	<u>373,277</u>	<u>3</u>
	Non-operating revenue and expenses (Note 20)				
7100	Interest revenue	10,730	-	10,700	-
7010	Other revenue	25,193	-	23,092	-
7020	Other gains and losses	3,064	-	(10,671)	-
7050	Financial costs	<u>(186,606)</u>	<u>(1)</u>	<u>(152,861)</u>	<u>(1)</u>
7000	Total non-operating revenue and expenses	<u>(147,619)</u>	<u>(1)</u>	<u>(129,740)</u>	<u>(1)</u>
7900	Net profit (loss) before tax	<u>(201,484)</u>	<u>(2)</u>	<u>243,537</u>	<u>2</u>
7950	Income tax expenses (gains) (Note 21)	<u>(52,335)</u>	<u>(1)</u>	<u>51,927</u>	<u>-</u>
8200	Net income (loss)	<u>(149,149)</u>	<u>(1)</u>	<u>191,610</u>	<u>2</u>

(Continued)

(Brought Forward)

Code		2023		2022	
		Amount	%	Amount	%
	Other comprehensive income				
	Items not reclassified to profit and loss				
8311	Defined benefit plan remeasurement	\$ -	-	\$ 1,834	-
8349	Income tax related to items not reclassified to profit and loss	-	-	1,137	-
8310		-	-	2,971	-
8360	Items that might be reclassified to profit and loss				
8361	Exchange differences on translation of foreign financial statements	(65,232)	(1)	46,558	-
8300	Other comprehensive income for the current period (net after tax)	(65,232)	(1)	49,529	-
8500	Total comprehensive income for the current year	(\$ 214,381)	(2)	\$ 241,139	2
8600	Net income (loss) attributed to:				
8610	Owners of the Company	(\$ 149,149)	(1)	\$ 191,610	1
8700	Total comprehensive income attributed to:				
8710	Owners of the Company	(\$ 214,381)	(2)	\$ 241,139	2
	Earnings (loss) per share (Note 22)				
9750	Basic earnings per share (net loss)	(\$ 0.90)		\$ 1.16	
9850	Diluted earnings per share (net loss)	(\$ 0.90)		\$ 1.08	

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

Chairman: Yen Te-Ho

General Manager: Yen Te-Ho

Accounting Manager: Chu Pei-Chen

Yuen Chang Stainless Steel Co., Ltd. and its subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT\$ Thousand

		Equity attributable to owners of the Company						Other equity items		
				Retained earnings				Exchange differences on translation of foreign financial statements		
Code		Share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Total		Treasury stocks	Total equity
A1	Balance on January 1, 2022	\$1,663,868	\$1,322,817	\$ 222,033	\$ 215,174	\$1,050,946	\$1,488,153	(\$ 199,093)	(\$ 20,394)	\$4,255,351
	2021 Appropriation and distribution of retained earnings (Note 18)									
B1	Legal reserve	-	-	74,014	-	(74,014)	-	-	-	-
B3	Special reserve	-	-	-	(16,079)	16,079	-	-	-	-
B5	Cash dividends to the Company's shareholders	-	-	-	-	(363,081)	(363,081)	-	-	(363,081)
		-	-	74,014	(16,079)	(421,016)	(363,081)	-	-	(363,081)
C17	Other changes in capital surplus	-	870	-	-	-	-	-	-	870
D1	Profit 2022	-	-	-	-	191,610	191,610	-	-	191,610
D3	2022 Other comprehensive income after tax	-	-	-	-	2,971	2,971	46,558	-	49,529
D5	2022 Total comprehensive income	-	-	-	-	194,581	194,581	46,558	-	241,139
Z1	Balance on December 31, 2022	1,663,868	1,323,687	296,047	199,095	824,511	1,319,653	(152,535)	(20,394)	4,134,279
	2022 Appropriation and distribution of retained earnings (Note 18)									
B1	Legal reserve	-	-	19,458	-	(19,458)	-	-	-	-
B3	Special reserve	-	-	-	(46,558)	46,558	-	-	-	-
B5	Cash dividends to the Company's shareholders	-	-	-	-	(165,037)	(165,037)	-	-	(165,037)
		-	-	19,458	(46,558)	(137,937)	(165,037)	-	-	(165,037)
D1	Net loss 2023	-	-	-	-	(149,149)	(149,149)	-	-	(149,149)
D3	2023 Other comprehensive income after tax	-	-	-	-	-	-	(65,232)	-	(65,232)
D5	2023 Total comprehensive income	-	-	-	-	(149,149)	(149,149)	(65,232)	-	(214,381)
N1	Share-based payment transactions (Notes 23 and 27)	-	4,036	-	-	-	-	-	-	4,036
N1	Transfer of treasury stocks to employees (Note 18)	-	(1,400)	-	-	-	-	-	20,394	18,994
Z1	Balance on December 31, 2023	\$1,663,868	\$1,326,323	\$ 315,505	\$ 152,537	\$ 537,425	\$1,005,467	(\$ 217,767)	\$ -	\$3,777,891

The accompanying notes shall constitute an integral part of the consolidated financial statements.
(Please refer to the audit report issued by Deloitte Taiwan on March 20, 2020.)

Chairman: Yen Te-Ho

General Manager: Yen Te-Ho

Accounting Manager: Chu Pei-Chen

Yuen Chang Stainless Steel Co., Ltd. and its subsidiaries
Consolidated Cash Flow Statement
January 1 to December 31, 2023 and 2022

Unit: NT\$ Thousand

Code		2023	2022
	Cash flow from operating activities		
A10000	Net profit (loss) before tax for the current year	(\$ 201,484)	\$ 243,537
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expenses	236,820	229,841
A20200	Amortization expenses	58	58
A20300	Loss on (gain on reversal of) expected credit impairment	45	(148)
A20400	Net losses (gains) from financial assets and liabilities at fair value through profit or loss	(2,894)	3,570
A20900	Financial costs	186,606	152,861
A21200	Interest revenue	(10,730)	(10,700)
A21900	Compensation cost of employee stock options	4,036	-
A23700	Inventory valuation losses	61,627	11,585
A29900	Other items	(2,405)	(632)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	(47,575)	50,925
A31150	Accounts receivable	(167,956)	409,043
A31180	Other receivables	(11,166)	168,491
A31200	Inventories	248,878	1,373,870
A31230	Prepayments	84,458	23,723
A31240	Other current assets	671	7,870
A32125	Contract liabilities— current	(33,021)	(1,401)
A32130	Notes payable	(4,517)	(26,368)
A32150	Accounts payable	(126,908)	(94,636)
A32180	Other payables	(12,894)	(125,501)
A32990	Other business liabilities	59	(100)
A33000	Cash inflow from operating activities	201,708	2,415,888
A33100	Interest collected	5,156	4,545
A33300	Interest paid	(185,379)	(147,764)
A33500	Income tax paid	(113,165)	(133,966)
AAAA	Net cash inflow (outflow) from operating activities	(91,680)	2,138,703
	Cash flow from investing activities		
B02700	Acquisition of property, plant and equipment	(138,826)	(240,495)
B02800	Proceeds from disposal of property, plant and equipment	-	2,027

(Continued)

(Brought Forward)

Code		2023	2022
B06500	Decrease (increase) in other financial assets	(\$ 2,298)	\$ 235,546
B06700	Decrease (increase) in other non-current assets	<u>753</u>	(<u>702</u>)
BBBB	Net cash outflow from investing activities	(<u>140,371</u>)	(<u>3,624</u>)
	Cash flow from financing activities		
C00100	Increase in short-term loans	558,019	-
C00200	Decrease in short-term loans	-	(875,132)
C00500	Increase in short-term notes and bills payable	90,000	80,000
C01300	Repayment of corporate bonds	(300,584)	-
C01600	Borrowing of long-term loans	499,800	1,269,800
C01700	Repayment of long-term loans	(407,015)	(2,370,793)
C03000	Increase (decrease) in deposit received	(1,879)	6,397
C04020	Repayment of principal portion of lease liabilities	(112)	(83)
C04500	Allocation of cash dividends	(165,037)	(363,081)
C05000	Transfer of treasury stocks to employees	18,994	-
C09900	Other financing activities	<u>-</u>	<u>870</u>
CCCC	Cash inflow (outflow) from financing activities	<u>292,186</u>	(<u>2,252,022</u>)
DDDD	Effect of foreign exchange rate changes on cash	(<u>26,271</u>)	<u>94,775</u>
EEEE	Net increase (decrease) in cash and cash equivalents for the current year	33,864	(22,168)
E00100	Balance of cash and cash equivalents, beginning	<u>190,822</u>	<u>212,990</u>
E00200	Balance of cash and cash equivalents, ending	<u>\$ 224,686</u>	<u>\$ 190,822</u>

The accompanying notes shall constitute an integral part of the consolidated financial statements.
(Please refer to the audit report issued by Deloitte Taiwan on March 20, 2020.)

Chairman: Yen Te-Ho

General Manager: Yen Te-Ho

Accounting Manager: Chu Pei-Chen

[Attachment 5]

Parent Company Only Financial Statements and Independent Auditor's Report 2023

External Auditor's Report

To: Yuen Chang Stainless Steel Co., Ltd.

Audit Opinions

We have completed our review on the Parent Company Only Balance Sheet of Yuen Chang Stainless Steel Co., Ltd. (hereinafter referred to as the “Company”) on December 31, 2023 and 2022, and Parent Company Only Statement of Comprehensive Income, Parent Company Only Statement of Changes in Equity, Parent Company Only Cash Flow Statement, and Notes to the Parent Company Only Financial Statements (including a summary of significant accounting policies) for January 1 to December 31, 2023 and 2022.

In our opinion, said parent company only financial statements in all major respects are in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. They are sufficient to adequately express the parent company only financial status of the Company as of December 31, 2023 and 2022 and its parent company only financial performance and parent company only cash flow from January 1 through December 31, 2023 and 2022.

Basis for the Audit Opinions

We are entrusted to conduct our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of the 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 opinions, based on our audit results and the other external auditors' report.

Key Audit Matters

Key audit matters refer to the most important matters for the audit of 2023 consolidated financial statements of the Company based on our professional judgment. 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.

Key audit matters of 2023 parent company only financial statements of the Company and its subsidiaries are hereby stated as follows:

Adequacy of the deadline for sales revenue

According to the delivery terms and conditions agreed on by the Company and customers, there was a deviation between the physical shipping date and delivery date or on board date. We evaluated that revenue risk might be recognized earlier than the actual delivery or on board. Therefore, we identify the adequacy of the deadline for the sales revenue close to the balance sheet date as the key audit matters.

Meanwhile, we also perform the following primary audit procedures:

- I. Test the internal control related to adequacy of the deadline for recognition of the revenue.
- II. Perform random checks on customer orders, shipping bills and sales invoices from the statement of operating revenue to identify whether the buyers identified in the customers' orders and sales invoices are identical, and whether the sales invoice amount is consistent with the recognized revenue. Perform random checks on the external shipping certificates from the statement of operating revenue dated close to the balance sheet date, in order to confirm that the sales revenue is recognized within adequate accounting period.

Responsibilities of the management and governing body to the parent company only financial statements

The 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, the management is responsible for assessing the ability of the Company to continue operations, disclosing related matters, as well as continuing operations with the basis of accounting, unless the management either intends to liquidate the Company or to cease operations, or has no feasible alternative but to do so.

Those charged with governance (including Audit Committee) are responsible for overseeing the financial reporting process of the Company.

External Auditors' Responsibilities for the Audit on 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 auditing standards will always detect a material misstatement in the parent company only financial statements 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 the parent company only financial statements.

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

- I. 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.
- II. 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 internal control of the Company.
- III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- IV. Conclude on the appropriateness of the management's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern, based on the audit evidence obtained. 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.

- V. Evaluate the overall presentation, structure, and contents of the parent company only financial statements, including the related notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- VI. Obtain sufficient and appropriate audit evidence regarding the financial information of entities 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 on the Company.

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 under the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and to communicate with them all relationships and other matters that may reasonably be considered affecting our independence, and where applicable, other matters (including related safeguards).

From the matters communicated with the governance unit, we have determined key audit matters of 2023 parent company only financial statements of the Company. 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.

Deloitte Taiwan
CPA: Hsu Kai-Ning

CPA: Wu Chang-Chun

Approval reference of the Financial
Supervisory Commission
Jin-Guan-Zheng-Shen-Zi No. 1090347472

Approval reference of the Financial
Supervisory Commission
Jin-Guan-Zheng-Shen-Zi No.
1110348898

March 8, 2024

Yuen Chang Stainless Steel Co., Ltd.
Parent Company Only Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ Thousand

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	\$ 48,777	1	\$ 38,022	1
1150	Notes receivable (Notes 8 and 20)	644	-	1,061	-
1170	Accounts receivable (Notes 8, 20, 27, 28 and 29)	208,676	4	186,595	3
1200	Other receivables	93,412	2	81,953	1
1310	Inventory (Note 9)	1,577,021	27	2,100,474	33
1410	Prepayments	15,562	-	40,049	1
1476	Other financial assets—current (Notes 10 and 29)	108,660	2	109,642	2
1479	Other current assets	1,420	-	2,279	-
11XX	Total current assets	<u>2,054,172</u>	<u>36</u>	<u>2,560,075</u>	<u>41</u>
	Non-current assets				
1550	Investments under equity method (Note 11)	2,430,674	42	2,572,701	41
1600	Property, plant and equipment (Notes 12, 21, 25 and 29)	1,100,389	19	1,046,257	16
1755	Right-of-use assets (Notes 13 and 21)	141	-	253	-
1760	Investment property (Notes 14 and 29)	45,380	1	45,380	1
1840	Deferred income tax assets (Note 22)	72,763	1	55,472	1
1915	Prepayments for equipment	27,747	1	20,086	-
1990	Other non-current assets	333	-	971	-
15XX	Total non-current assets	<u>3,677,427</u>	<u>64</u>	<u>3,741,120</u>	<u>59</u>
1XXX	Total assets	<u>\$ 5,731,599</u>	<u>100</u>	<u>\$ 6,301,195</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Notes 15 and 29)	\$ 746,268	13	\$ 692,667	11
2110	Short-term notes and bills payable (Note 15)	370,000	7	280,000	5
2120	Financial liabilities at fair value through profit or loss (Notes 7, 16 and 27)	-	-	2,812	-
2130	Contract liabilities—current (Note 20)	102,165	2	158,662	3
2150	Notes payable	16,370	-	20,887	-
2170	Accounts payable (Note 28)	11,310	-	153,404	2
2219	Other payables (Note 17)	73,182	1	81,879	1
2230	Current income tax liabilities	4,297	-	116,031	2
2280	Lease liabilities - current (Note 13)	142	-	254	-
2321	Corporate bonds payable - current portion (Notes 16 and 27)	2,439	-	310,962	5
2399	Other current liabilities	3,806	-	3,812	-
21XX	Total current liabilities	<u>1,329,979</u>	<u>23</u>	<u>1,821,370</u>	<u>29</u>
	Non-current liabilities				
2540	Long-term loans (Notes 15 and 29)	598,575	11	317,899	5
2570	Deferred income tax liabilities (Note 22)	15,106	-	15,720	-
2645	Deposit received	10,048	-	11,927	-
25XX	Total non-current liabilities	<u>623,729</u>	<u>11</u>	<u>345,546</u>	<u>5</u>
2XXX	Total liabilities	<u>1,953,708</u>	<u>34</u>	<u>2,166,916</u>	<u>34</u>
	Equity (Note 19)				
3100	Ordinary share capital	1,663,868	29	1,663,868	26
3200	Capital surplus	1,326,323	23	1,323,687	21
	Retained earnings				
3310	Legal reserve	315,505	6	296,047	5
3320	Special reserve	152,537	3	199,095	3
3350	Undistributed earnings	537,425	9	824,511	13
3300	Total retained earnings	<u>1,005,467</u>	<u>18</u>	<u>1,319,653</u>	<u>21</u>
3400	Other equity	(217,767)	(4)	(152,535)	(2)
3500	Treasury stocks	-	-	(20,394)	-
3XXX	Total equity	<u>3,777,891</u>	<u>66</u>	<u>4,134,279</u>	<u>66</u>
3X2X	Total liabilities and equity	<u>\$ 5,731,599</u>	<u>100</u>	<u>\$ 6,301,195</u>	<u>100</u>

The accompanying notes shall constitute an integral part of the parent company only financial statements.
(Please refer to the audit report issued by Deloitte Taiwan on March 20, 2020.)

Chairman: Yen Te-Ho

General Manager: Yen Te-Ho

Accounting Manager: Chu Pei-Chen

Yuen Chang Stainless Steel Co., Ltd.
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NTD thousand, except for the earnings (loss) per share (NTD)

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue, net (Notes 20 and 28)	\$ 8,899,519	100	\$ 10,761,503	100
5000	Operating costs (Notes 9, 21 and 28)	<u>8,696,099</u>	<u>98</u>	<u>9,709,881</u>	<u>90</u>
5900	Gross profit	<u>203,420</u>	<u>2</u>	<u>1,051,622</u>	<u>10</u>
	Operating expenses (Note 21)				
6100	Selling expenses	212,506	2	534,030	5
6200	Administrative expenses	59,593	1	61,511	1
6300	R&D expenses	<u>3,119</u>	<u>-</u>	<u>3,037</u>	<u>-</u>
6000	Total operating expenses	<u>275,218</u>	<u>3</u>	<u>598,578</u>	<u>6</u>
6900	Net operating profit (loss)	(<u>71,798</u>)	(<u>1</u>)	<u>453,044</u>	<u>4</u>
	Non-operating revenue and expenses				
7100	Interest revenue (Note 21)	7,002	-	6,874	-
7010	Other revenue (Note 21)	5,375	-	7,103	-
7020	Other gains and losses (Note 21)	15,710	-	39,738	-
7050	Financial costs (Note 21)	(45,117)	-	(32,708)	-
7070	Share of profit or loss of subsidiaries accounted for using equity method (Note 11)	(<u>76,795</u>)	(<u>1</u>)	(<u>174,825</u>)	(<u>1</u>)
7000	Total non-operating revenue and expenses	(<u>93,825</u>)	(<u>1</u>)	(<u>153,818</u>)	(<u>1</u>)
7900	Net profit (loss) before tax	(165,623)	(2)	299,226	3
7950	Income tax expenses (gains) (Note 22)	(<u>16,474</u>)	(<u>1</u>)	<u>107,616</u>	<u>1</u>
8200	Net income (loss)	(<u>149,149</u>)	(<u>1</u>)	<u>191,610</u>	<u>2</u>

(Continued)

(Brought Forward)

Code		2023		2022	
		Amount	%	Amount	%
	Other comprehensive income				
	Items not reclassified to profit and loss				
8311	Defined benefit plan remeasurement	\$ -	-	\$ 1,834	-
8349	Income tax related to items not reclassified to profit and loss	-	-	1,137	-
8310		-	-	2,971	-
	Items that might be reclassified to profit and loss				
8380	Share of other comprehensive income of subsidiaries accounted for using equity method	(65,232)	(1)	46,558	-
8300	Other comprehensive income for the current year	(65,232)	(1)	49,529	-
8500	Total comprehensive income for the current year	(\$ 214,381)	(2)	\$ 241,139	2
	Earnings (loss) per share (Note 23)				
9750	Basic earnings per share (net loss)	(\$ 0.90)		\$ 1.16	
9850	Diluted earnings per share (net loss)	(\$ 0.90)		\$ 1.08	

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

(Please refer to the audit report issued by Deloitte Taiwan on March 20, 2020.)

Chairman: Yen Te-Ho

General Manager: Yen Te-Ho

Accounting Manager: Chu Pei-Chen

Yuen Chang Stainless Steel Co., Ltd.
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT\$ Thousand

		Retained earnings						Other equity items		
				Legal reserve	Special reserve	Undistributed earnings	Total	Exchange differences on translation of foreign financial statements	Treasury stocks	Total equity
		Share capital	Capital surplus							
A1	Balance on January 1, 2022	\$1,663,868	\$1,322,817	\$ 222,033	\$ 215,174	\$1,050,946	\$1,488,153	(\$ 199,093)	(\$ 20,394)	\$4,255,351
	2021 Appropriation and distribution of retained earnings (Note 19)									
B1	Legal reserve	-	-	74,014	-	(74,014)	-	-	-	-
B3	Reversal of special reserve	-	-	-	(16,079)	16,079	-	-	-	-
B5	Cash dividends to the Company's shareholders	-	-	-	-	(363,081)	(363,081)	-	-	(363,081)
		-	-	74,014	(16,079)	(421,016)	(363,081)	-	-	(363,081)
C17	Other changes in capital surplus	-	870	-	-	-	-	-	-	870
D1	Profit 2022	-	-	-	-	191,610	191,610	-	-	191,610
D3	2022 Other comprehensive income after tax	-	-	-	-	2,971	2,971	46,558	-	49,529
D5	2022 Total comprehensive income	-	-	-	-	194,581	194,581	46,558	-	241,139
Z1	Balance on December 31, 2022	1,663,868	1,323,687	296,047	199,095	824,511	1,319,653	(152,535)	(20,394)	4,134,279
	2022 Appropriation and distribution of retained earnings (Note 19)									
B1	Legal reserve	-	-	19,458	-	(19,458)	-	-	-	-
B3	Reversal of special reserve	-	-	-	(46,558)	46,558	-	-	-	-
B5	Cash dividends to the Company's shareholders	-	-	-	-	(165,037)	(165,037)	-	-	(165,037)
		-	-	19,458	(46,558)	(137,937)	(165,037)	-	-	(165,037)
D1	Net loss 2023	-	-	-	-	(149,149)	(149,149)	-	-	(149,149)
D3	2023 Other comprehensive income after tax	-	-	-	-	-	-	(65,232)	-	(65,232)
D5	2023 Total comprehensive income	-	-	-	-	(149,149)	(149,149)	(65,232)	-	(214,381)
N1	Share-based payment transactions (Notes 24 and 28)	-	4,036	-	-	-	-	-	-	4,036
N1	Transfer of treasury stocks to employees (Note 19)	-	(1,400)	-	-	-	-	-	20,394	18,994
Z1	Balance on December 31, 2023	\$1,663,868	\$1,326,323	\$ 315,505	\$ 152,537	\$ 537,425	\$1,005,467	(\$ 217,767)	\$ -	\$3,777,891

The accompanying notes shall constitute an integral part of the parent company only financial statements.
(Please refer to the audit report issued by Deloitte Taiwan on March 20, 2020.)

Chairman: Yen Te-Ho

General Manager: Yen Te-Ho

Accounting Manager: Chu Pei-Chen

Yuen Chang Stainless Steel Co., Ltd.
Parent Company Only Cash Flow Statement
January 1 to December 31, 2023 and 2022

Unit: NT\$ Thousand

Code		2023	2022
	Cash flow from operating activities		
A10000	Net profit (loss) before tax for the current year	(\$ 165,623)	\$ 299,226
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expenses	43,067	40,247
A20400	Net losses (gains) from financial assets and liabilities at fair value through profit or loss	(2,894)	3,570
A20900	Financial costs	45,117	32,708
A21200	Interest revenue	(7,002)	(6,874)
A21900	Compensation cost of employee stock options	4,036	-
A22400	Share of profit or loss of subsidiaries accounted for using equity method	76,795	174,825
A23700	Inventory valuation losses	34,255	16,575
A29900	Other items	(2,405)	(553)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	417	1,113
A31150	Accounts receivable	(22,081)	309,618
A31180	Other receivables	(11,420)	148,225
A31200	Inventories	489,198	1,192,472
A31230	Prepayments	24,487	(1,547)
A31240	Other current assets	859	2,447
A32125	Contract liabilities — current	(56,497)	(23,566)
A32130	Notes payable	(4,517)	(26,368)
A32150	Accounts payable	(142,094)	(107,311)
A32180	Other payables	(9,537)	(128,416)
A32990	Other business liabilities	76	(109)
A33000	Cash inflow from operating activities	294,237	1,926,282
A33100	Interest collected	1,429	719
A33300	Interest paid	(44,106)	(31,614)
A33500	Income tax paid	(113,165)	(133,966)
AAAA	Net cash inflow from operating activities	<u>138,395</u>	<u>1,761,421</u>
	Cash flow from investing activities		
B02700	Acquisition of property, plant and equipment	(104,043)	(106,201)
B02800	Proceeds from disposal of property, plant and equipment	-	62

(Continued)

(Brought Forward)

Code		2023	2022
B06500	Decrease in other financial assets	\$ 982	\$ 150,190
B06700	Decrease (increase) in other non-current assets	<u>638</u>	(<u>695</u>)
BBBB	Net cash inflow (outflow) from investing activities	(<u>102,423</u>)	<u>43,356</u>
	Cash flow from financing activities		
C00100	Increase in short-term loans	53,601	-
C00200	Decrease in short-term loans	-	(575,636)
C00500	Increase in short-term notes and bills payable	90,000	80,000
C01300	Repayment of corporate bonds	(300,584)	-
C01600	Borrowing of long-term loans	499,800	1,269,800
C01700	Repayment of long-term loans	(220,000)	(2,270,000)
C03000	Increase (decrease) in deposit received	(1,879)	5,954
C04020	Repayment of principal portion of lease liabilities	(112)	(83)
C04500	Allocation of cash dividends	(165,037)	(363,081)
C05000	Transfer of treasury stocks to employees	18,994	-
C09900	Other financing activities	<u>-</u>	<u>870</u>
CCCC	Net cash outflow from financing activities	(<u>25,217</u>)	(<u>1,852,176</u>)
EEEE	Net increase (decrease) in cash and cash equivalents for the current year	10,755	(47,399)
E00100	Balance of cash and cash equivalents, beginning	<u>38,022</u>	<u>85,421</u>
E00200	Balance of cash and cash equivalents, ending	<u>\$ 48,777</u>	<u>\$ 38,022</u>

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

(Please refer to the audit report issued by Deloitte Taiwan on March 20, 2020.)

Chairman: Yen Te-Ho

General Manager: Yen Te-Ho

Accounting Manager: Chu Pei-Chen

[Attachment 6]

Yuen Chang Stainless Steel Co., Ltd.
2023 Deficit compensation statement

Unit: NT\$

Item	Amount
Undistributed earnings, beginning	\$686,576,212
Add: Net loss of the current year	(149,149,283)
Undistributed earnings upon adjustment	537,426,929
Less: Provision of the special reserve	(65,231,769)
Distributable earnings in the current year	\$472,195,160
Undistributed earnings in the current year	\$472,195,160

Chairman: Yen Te-Ho

General Manager: Yen The-Wei

Accounting Manager: Chu Pei-Chen

Yuen Chang Stainless Steel Co., Ltd.

Comparative table of the “Articles of Incorporation” before and after the amendments

Provisions after amendments	Provisions before amendments	Explanation
Article 14 (omitted) Among the directors referred to in the preceding paragraph, the Company may appoint at least 3 independent directors, who shall be no less than one-fifth of the whole directors. The professional qualification, shareholdings, restrictions on concurrent positions, nomination and election of independent directors, and other requirements to be met, shall comply with the related laws and regulations. <u>If the Chairman of the Board of Directors and the General Manager (or equivalents) are the same person, spouses or relatives within the first degree of kinship, the number of independent directors shall be no less than four. If there are more than 15 directors, the number of independent directors shall be no less than five, and more than half of the directors shall be neither employees nor managers.</u> (the others omitted)	Article 14 (omitted) Among the directors referred to in the preceding paragraph, the Company may appoint at least 3 independent directors, who shall be no less than one-fifth of the whole directors. The professional qualification, shareholdings, restrictions on concurrent positions, nomination and election of independent directors, and other requirements to be met, shall comply with the related laws and regulations. (the others omitted)	According to Article 4 of the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers.
Article 22 (omitted) 30th amendments hereto were made on June 9, 2023 . 31st amendments hereto were made on June 6, 2024.	Article 22 (omitted) 30th amendments hereto were made on June 9, 2023.	Add the number and date of amendments

Yuen Chang Stainless Steel Co., Ltd.

Comparative table of the “Operating Procedure for Loaning of Funds to Others” before and after the amendments

6th amendments made at the annual
general meeting on June 6, 2024

Provisions after amendments	Provisions before amendments	Explanation
Article 6 Calculation of Interest The interest rate for the Company’s lending of funds to others shall be no lower than the <u>average</u> interest rate <u>for</u> short-term borrowings from financial institutions <u>(based on the actual currency of the loan allocated)</u>. The Company's loan interest is calculated and collected on a monthly basis . Under special circumstances, it may be adjusted subject to the actual needs, upon approval of the Board of Directors.	Article 6 Calculation of Interest The interest rate for the Company’s lending of funds to others shall be no lower than the <u>highest</u> interest rate <u>for</u> short-term borrowings from financial institutions . <u>The Company’s loan interest shall be collected on a monthly basis, in principle.</u> In case of special circumstances, adjustments may be made subject to actual needs upon approval of the Board of Directors.	Clerical corrections made in response to the actual situation.
Article 7 Decision-making Hierarchy Before a proposal for loaning of funds <u>is</u> submitted to the Board of Directors for discussion and resolution, it shall be subject to the approval of a majority of the Audit Committee members. The matters without the consent of a majority of the Audit Committee members must be with the consent of more than two-third of the whole directors; also, the resolutions of the Audit Committee should be clearly stated in the minutes of the Board of Directors meeting. The terms "all Audit Committee members" and "all directors" referred to herein shall be counted as the actual number of persons currently holding those positions. <u>In addition to</u> submitting the proposal for loaning of funds to the Board of Directors for a resolution in accordance with the preceding paragraph, the Chairman may be authorized to give loans in installments or make a revolving credit line available for the same counterpart to draw down,	Article 7 Decision-making Hierarchy Before a proposal for loaning of funds <u>and transactions</u> is submitted to the Board of Directors for discussion and resolution, it shall be subject to the approval of a majority of the Audit Committee members. The matters without the consent of a majority of the Audit Committee members must be with the consent of more than two-third of the whole directors; also, the resolutions of the Audit Committee should be clearly stated in the minutes of the Board of Directors meeting. The terms "all Audit Committee members" and "all directors" referred to herein shall be counted as the actual number of persons currently holding those positions. Any loaning of funds <u>between the Company and its parent company or subsidiaries, or between its subsidiaries,</u> <u>shall be</u> submitted to the Board of Directors for a resolution in accordance with the preceding paragraph, and the Chairman may be authorized to give loans	Clerical corrections made in response to the actual situation.

Provisions after amendments	Provisions before amendments	Explanation
within a certain monetary limit and within a period not to exceed one year. (the others omitted)	in installments or make a revolving credit line available for the same counterpart to draw down, within a certain monetary limit and within a period not to exceed one year. (the others omitted)	
Article 10 Subsequent Control Measures for the Loaned Amount and Procedures for Handling Overdue Creditors' Rights (omitted) 3. The borrower shall repay the principal plus interest immediately when the loan is due, <u>and shall not repay the loan in the form of actual cash flow, or extend the repayment period</u> subject to approval by the Board of Directors. <u>4. If the borrower fails to fulfill the financing contract for some reason, the Company may directly dispose of, and pursue repayment based on, the collateral provided by the Company or the guarantor .</u>	Article 10 Subsequent Control Measures for the Loaned Amount and Procedures for Handling Overdue Creditors' Rights (omitted) 3. The borrower shall repay the principal plus interest immediately upon maturity. <u>If the loan is not repaid prior to the maturity date and an extension is required, the application for such extension shall be filed in advance and subject to approval of the Board of Directors.</u>	Clerical corrections made in response to the actual situation.

Yuen Chang Stainless Steel Co., Ltd.

**Comparative table of the “Rules of Procedure for Shareholders’ Meeting”
before and after the amendments**

7th amendments made at the annual
general meeting on June 6, 2024

Provisions after amendments	Provisions before amendments	Explanation
Article 3: Unless otherwise provided by law or regulation, shareholders’ meetings of the Company shall be convened by the Board of Directors. <u>Unless otherwise provided in the Regulations Governing the Administration of Shareholders Service of Public Companies, the Company's organization of a shareholders’ meeting by means of visual communication network shall be expressly defined in the articles of incorporation and subject to resolution by the Board of Directors.</u> <u>Meanwhile, the organization of a shareholders’ meeting by means of visual communication network shall be adopted per the resolution rendered by a majority of directors at a meeting attended by two-thirds or more of the total number of directors.</u> (the others omitted)	Article 3: Unless otherwise provided by law or regulation, shareholders’ meetings of the Company shall be convened by the Board of Directors. (the others omitted)	As the Company convenes a shareholders’ meeting by means of visual communication network, it is impossible for shareholders to attend the meeting in a tangible form and shareholders may attend the shareholders’ meeting via video conference only, thus deriving more restrictions on the shareholders’ equity. Therefore, in order to protect shareholders’ equity, Paragraph 2 is added to expressly provide that unless otherwise provided in the Regulations Governing the Administration of Shareholders Service of Public Companies, the Company's organization of a shareholders’ meeting by means of visual communication network shall be

Provisions after amendments	Provisions before amendments	Explanation
		expressly defined in the articles of incorporation and subject to resolution by the Board of Directors; meanwhile, the organization of a shareholders' meeting by means of visual communication network shall be adopted per the resolution rendered by a majority of directors at a meeting attended by two-thirds or more of the total number of directors (i.e. a special resolution).

Articles of Incorporation of Yuen Chang Stainless Steel Co., Ltd.

(Before amendments)

Chapter 1. General Provisions

Article 1: The Company was organized in accordance with the Company Act, and named as 運鋁鋼鐵股份有限公司 (Yuen Chang Stainless Steel Co., Ltd.).

Article 2: The Company's business activities comprise the following:

1. CA01050 Aluminum Rolling, Drawing, and Extruding.
2. CB01010 Mechanical Equipment Manufacturing.
3. F106010 Wholesale of Hardware.
4. F111090 Wholesale of Building Materials.
5. F113010 Wholesale of Machinery.
6. F115010 Wholesale of Jewelry and Precious Metals.
7. F206010 Retail Sale of Hardware.
8. F211010 Retail Sale of Building Materials.
9. F213080 Retail Sale of Machinery and Tools.
10. F215010 Retail of Jewelry and Precious Metals.
11. F401010 International Trade.
12. CZ02990 Other Metal Products Manufacturing.
13. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company may, based on its business needs, provide guarantees externally in accordance with the Company's Procedure for Making of Endorsements/Guarantees.

Article 3-1: The total amount of the Company's re-investments may exceed the limit prescribed in Article 13 of the Company Act.

Article 4: The Company's headquarters shall be located in Kaohsiung City, and branches or branch offices may be established domestically or abroad subject to resolutions by the Board of Directors, if necessary.

Article 5: The Company shall make announcements, if any, in the manner referred to in Article 28 of the Company Act.

Chapter 2. Shares

Article 6: The total capital of the Company shall be NT\$2.2 billion, divided into 220 million shares at NT\$10 per share, all common shares, and issued in tranches by the Board of Directors with authorization.

Article 7: (Deleted)

Article 8: The share certificates of the Company shall bear the signatures or seals of three directors or more and may only be issued subject to certification by the competent authority or any of its approved institutes.

The Company may issue shares exempted from the requirements about printing of stock certificates after the public offering, and shall register the shares with a centralized securities depository institution.

Article 9: Any changes in the roster of shareholders shall be handled in accordance with Article 165 of the Company Act.

Chapter 3. Shareholders' Meeting

Article 10: The shareholders' meeting is classified into two types, the annual general meeting and the special shareholders' meeting. The annual general meeting shall be convened once per year within six months after the end of each fiscal year. The special shareholders' meeting shall be convened according to laws whenever necessary.

The convention and public announcement of a shareholders' meeting shall be handled in accordance with Article 170 of the Company Act.

Article 10-1: A shareholders' meeting shall be chaired by the Chairman, if it is convened by the Board of Directors. Where the Chairman takes leave or cannot perform his/her duties with causes, the deputy shall be designated in the manner referred to in Article 208 of the Company Act. For shareholders' meetings that are convened by any convener other than the Board of Directors, the convener shall chair the meeting. If there are two or more eligible conveners at the same time, one shall be appointed among themselves to chair the meeting.

Article 11: Any shareholder who is unable to attend a shareholders' meeting in person may appoint another shareholder to attend the meeting to exercise the voting right on behalf of him/her by personally presenting a power of attorney indicating the scope of power as printed by the Company.

Upon the Company's public offering, the shareholders' attendance by proxy and application of the power of attorney shall follow the related requirements under the Company Act, and also the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies."

Article 12: Each of the Company's shareholders shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Paragraph 2, Article 179 of the Company Act.

Upon the Company's listing on TWSE/TPEX, the Company shall identify the electronic form as one of the methods by which shareholders may exercise their voting right.

Article 13: Resolutions at a shareholders' meeting shall, unless otherwise provided for in related laws, be adopted by a majority of voting rights of the shareholders present, who represent a majority of the total outstanding shares. Resolutions adopted by a

shareholders' meeting shall be recorded in the meeting minutes, and shall be governed by Article 183 of the Company Act.

Article 13-1: The Company's application for public offering and revocation of the public offering, if any, shall be governed by Article 156 of the Company Act.

Chapter 4. Directors and Audit Committee

Article 14: The Company shall have 7~9 directors with a term of office of three years, who shall be elected by the shareholders' meeting from among persons with disposing capacity, and they shall be eligible for re-elections. The election of directors adopts a candidates nomination system and directors shall be elected from among the nominees listed in the roster of director candidates at a shareholders' meeting. Among the directors referred to in the preceding paragraph, the Company may appoint at least 3 independent directors, who shall be no less than one-fifth of the whole directors. The professional qualification, shareholdings, restrictions on concurrent positions, nomination and election of independent directors, and other requirements to be met, shall comply with the related laws and regulations. The Company may take out the liability insurance for the directors with respect to liabilities resulting from exercising their duties during their terms of office.

Article 14-1: The uni-nominal cumulative voting method shall be used for election of the directors of the Company. The number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elected.

Where it is necessary to amend said election method, the Company shall comply with Article 172 of the Company Act and also identify the comparative list for the amendments in the causes or subjects to be described.

Article 14-2: The Company establishes the Audit Committee to replace supervisors. The Audit Committee shall consist of the whole independent directors. The authority of the Audit Committee members, parliamentary rules and other requirements to be met shall be governed by the Company Act, Securities and Exchange Act & other related laws and regulations, and the Audit Committee's Articles of Association.

Article 14-3: The Company's Board of Directors may, based on the business operations, establish the Remuneration Committee or other functional committees.

Article 15: The Board of Directors shall consist of the Company's directors. The Chairman shall be elected among and from the directors by a majority of the directors attending a meeting of the Board of Directors at which at least two-third of directors are present. The same shall apply to the election of the Vice Chairman. The Chairman shall represent the Company externally.

Article 16: A Board of Directors meeting shall be chaired by the Chairman of Board. Where the

Chairman takes leave or cannot perform his/her duties with causes, the deputy shall be designated in the manner referred to in Article 208 of the Company Act.

Directors should attend meetings of the Board of Directors in person. If a director cannot attend for some reason, he or she may appoint another director to attend the meeting on behalf of him/her by, in each time, issuing a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. However, each director may accept the appointment to act as the proxy of another director only.

Resolutions at a Board of Directors meeting shall, unless otherwise provided for in related laws, be adopted by a majority of the directors present at the meeting attended by a majority of the whole directors.

The Board of Directors meeting shall be convened for once per quarter. A notice of the reasons for convening the meeting shall be given to each director within 7 days before the meeting is convened, provided that in the case of emergency, the Board of Directors meeting may be convened at any time. The notice of the Board of Directors meeting may be sent to each director in writing or via e-mail or fax.

An independent director may only appoint another independent director to attend a meeting on behalf of him/her, if necessary. None of the general directors is allowed to attend the meeting on behalf of an independent director.

Article 17: The Board of Directors is authorized to resolve the remuneration to all directors based on their participation in the Company's operation and contribution value and the typical pay levels adopted by peer companies, irrelevant with profit or loss retained by the Company.

Chapter 5. Managers

Article 18: The Company shall appoint several managers. The appointment and dismissal thereof and remuneration to them shall be governed by Article 29 of the Company Act.

Article 6. Accounting

Article 19: At the end of each fiscal year of the Company, the Board of Directors shall prepare the following documents and submit them to the Audit Committee for audit within 30 days before the date of the annual general meeting and then for ratification by the annual general meeting.

(I) Business Report

(II) Financial statements

(III) Earnings appropriation or loss compensation plan

Article 20: Subject to the profit sought for the current year, the Company shall allocate 2% of the profit as the remuneration to employees. The Board of Directors may resolve to distribute the remuneration in the form of stock or in cash, and the receivers of such stock dividend or cash dividend shall include employees of associates that meet

certain conditions. The Board of Directors may also resolve to no more than 2% of said profit as the remuneration to directors. The remuneration to directors may be allocated in cash only.

The circumstances referred to in the preceding paragraph shall resolved subject to approval of a majority of the directors attending a meeting of the Board of Directors at which at least two-third of directors are present, and reported to a shareholders' meeting.

However, the profit must first be taken to offset against the Company's cumulative losses, if any, and then the remuneration to employees and directors may be allocated subject to the proportions referred to in the preceding paragraph.

Article 20-1: If there is a surplus after account settlement of the fiscal year, the Company shall pay applicable taxes and cover losses carried forward pursuant to laws, followed by the allocation of 10% of the remainder as legal reserve, unless said legal reserve amounts to the Company's total paid-in capital, and then the special reserve or special surplus reserve is appropriated from the balance, if any. After that, if there is still a balance, it will be deemed as the distributable earnings generated in the current year, and be pooled with the undistributed earnings carried forward from previous years for distribution as shareholder dividend under a proposal prepared by the Board of Directors subject to the resolution made by a shareholders' meeting.

The Company's dividend policy is set forth in response to the current and future development plan and by taking into consideration the investment environment, funding needs and domestic/foreign competition, as well as shareholders' equity. The Company may distribute no less than 20% of the distributable earnings generated in the current year as the shareholder dividend and bonus in that year. The shareholder dividend and bonus may be allocated in cash or in the form of stock, provided that the cash dividend allocable shall be no less than 20% of the total dividends.

Chapter 7. Supplementary Provisions

Article 21: Any matters not covered herein shall be governed by the Company Act.

Article 22: The Articles were established on July 13, 1987.

1st amendments hereto were made on February 25, 1988.

2nd amendments hereto were made on February 15, 1990.

3rd amendments hereto were made on September 5, 1990.

4th amendments hereto were made on July 26, 1991.

5th amendments hereto were made on August 12, 1992.

6th amendments hereto were made on August 22, 1993.

7th amendments hereto were made on November 14, 1994.

8th amendments hereto were made on August 8, 1996.

9th amendments hereto were made on October 1, 1997.

10th amendments hereto were made on December 31, 1998.

11th amendments hereto were made on July 13, 1999.

12th amendments hereto were made on May 7, 2000.

13th amendments hereto were made on August 31, 2002.
14th amendments hereto were made on September 25, 2002.
15th amendments hereto were made on May 26, 2004.
16th amendments hereto were made on June 7, 2004.
17th amendments hereto were made on August 15, 2005.
18th amendments hereto were made on March 24, 2007.
19th amendments hereto were made on February 12, 2008.
20th amendments hereto were made on August 22, 2008.
21st amendments hereto were made on April 20, 2010.
22nd amendments hereto were made on September 16, 2011.
23rd amendments hereto were made on September 27, 2011.
24th amendments hereto were made on August 7, 2013.
25th amendments hereto were made on September 30, 2014.
26th amendments hereto were made on January 9, 2015.
27th amendments hereto were made on June 30, 2015.
28th amendments hereto were made on June 28, 2016.
29th amendments hereto were made on June 28, 2017.
30th amendments hereto were made on June 9, 2023.

Yuen Chang Stainless Steel Co., Ltd.

Chairman: Yen Te-Ho

Yuen Chang Stainless Steel Co., Ltd.

Operating Procedure for Loaning of Funds to Others (before the amendments)

Established at the annual general meeting on June 21, 2014

1st amendments made at the special shareholders' meeting on January 9, 2015

2nd amendments made at the special shareholders' meeting on June 28, 2016

3rd amendments made at the special shareholders' meeting on June 28, 2017

4th amendments made at the special shareholders' meeting on June 21, 2019

5th amendments made at the annual general meeting on July 20, 2021

Article 1 Purpose

The Company shall comply with the Procedure when loaning funds to others, unless otherwise provided by laws.

Article 2 Counterparts of the loaning

The counterparts of the loaning of fund by the Company are limited to the following:

1. Any company or firm engaging in business transaction with the Company;
2. Any company or firm with short-term financing need, as determined by the Board of Directors;

The term "short-term" means a period of one year or one business cycle (whichever longer), and the amount of financing shall be no more than 40% of the Company's net worth.

The term "financing amount" referred to herein means the cumulative balance of the Company's short-term financing.

The business of loaning of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, or between the Company and overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares may be free from the restrictions on 40% of the enterprise's net worth.

If the responsible person of the Company violates the provisions of Paragraph 1, the responsible person shall be jointly and severally liable with the borrower for repayment. If the Company suffers damage therefore, the responsible person shall also be liable for the damages.

The so-called net worth is based on the most recent financial statements certified or reviewed by a CPA. If the financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), the term "net worth" means the equity attributable to the owners of the parent company on the balance sheet of the most recent financial statement audited or reviewed by a CPA.

Article 3 Evaluation Standards for Loaning of Funds to Others

1. For the loaning of funds between the Company and another company or inter-firm due to business relationship, the provisions of Subparagraphs 1 and 2 of Article 4 shall be followed.
2. The loaning of funds between the Company and another company or firm with short-term financing need, as determined by the Board of Directors, shall be applicable under the circumstances limited to the following:
 - (1) The Company and the company or firm are in a parent-subsidiary relationship, and a short-term financing facility is necessary due to

business needs.

(2) A short-term financing facility is required by another company or firm for the purchase of materials or operating turnover.

(3) Other loaning of funds approved by the Company's Board of Directors.

Article 4 The total amount of loans and the maximum amount for each borrower

1. The limit of total fund loaned by the Company to others shall be no more than 40% of the Company's net worth.
2. For companies or firms that have business transactions with the Company, the individual loan amount is limited to the amount of business transactions in the most recent year between both parties. The so-called "business transaction amount" refers to the higher of purchases or sales between the both parties.
3. For companies or firms with short-term financing need, the individual loan amount shall be no more than 40% of the Company's net worth.
4. The lending of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares may be free from the restrictions referred to in Paragraph 3, provided that the respective subsidiaries shall determine the limit and time limit for loaning of funds to others.

Article 5 Term of loan

In principle, the term of each fund loaned by the Company shall be one year.

Article 6 Calculation of Interest

The interest rate for the Company's lending of funds to others shall be no lower than the highest interest rate for short-term borrowings from financial institutions. The Company's loan interest shall be collected on a monthly basis, in principle. In case of special circumstances, adjustments may be made subject to actual needs upon approval of the Board of Directors.

Article 7 Decision-making Hierarchy

Before a proposal for loaning of funds is submitted to the Board of Directors for discussion and resolution, it shall be subject to the approval of a majority of the Audit Committee members. The matters without the consent of a majority of the Audit Committee members must be with the consent of more than two-third of the whole directors; also, the resolutions of the Audit Committee should be clearly stated in the minutes of the Board of Directors meeting. The terms "all Audit Committee members" and "all directors" referred to herein shall be counted as the actual number of persons currently holding those positions.

Any loaning of funds between the Company and its parent company or subsidiaries, or between its subsidiaries, shall be submitted to the Board of Directors for a resolution in accordance with the preceding paragraph, and the Chairman may be authorized to give loans in installments or make a revolving credit line available for the same counterpart to draw down, within a certain monetary limit and within a period not to exceed one year.

Except the business of loaning of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, or between the Company and overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, which may be free from the restrictions on authorized limit, the "certain monetary limit" referred to in the preceding paragraph refers to the authorized limit for loaning of funds by the Company to a single enterprise to be no more than 10% of the Company's net worth as stated in its latest financial statements.

Where the Company has appointed independent directors, for the loaning of funds to others, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

Article 8 Loaning of Funds and Review Procedure

1. Execution Unit

The Finance and Accounting Department is responsible for the operations related to the Company's loaning of funds to others. When necessary, the President may designate other dedicated personnel to provide assistance.

2. Review procedures

(1) Credit investigation

For the Company's loaning of funds, the borrower shall first submit the necessary company information and financial information and apply for a financing facility in writing with the Company.

Upon acceptance of the application, the Company shall have the Finance and Accounting Department investigate and evaluate the borrower's business, financial condition, solvency and credit, profitability, and use of the loan, and prepare a report.

(2) Review and assessment

The evaluation report of the executing unit shall include the following items:

1. The necessity and reasonableness of the loaning of funds to others.
2. Credit investigation and risk assessment on the borrower.
3. Impacts on the Company's operational risks, financial condition and shareholders' equity.
4. Whether collateral should be obtained and the appraised value of the collateral.

(3) Security

When the Company loans funds, it shall obtain a promissory note bearing the equivalent amount, and when necessary, the Company shall create mortgage on the movable or real property. If the debtor provides a competent and creditworthy individual or company as the guarantee in lieu of providing the collateral, the Board of Directors may refer to the credit report issued by the finance and accounting department for this purpose. If the loan is intended to be secured by a company, please note whether the Articles of Incorporation provides any provision permitting such guarantee.

Article 9 Procedures for Announcement and Declaration

1. The Company shall announce and report the balance of loans of the Company and its subsidiaries of the previous month by 10th day of each month.

2. If the Company's loaning of funds reaches one of the following levels, the Company shall announce and report the fact within two days from the date of occurrence:

- (1) The balance of the Company's and its subsidiaries' loans to others reaches 20 percent or more of the Company's net worth as stated in its latest financial

statement.

- (2) enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.
 - (3) The amount of new loans of funds by the Company or its subsidiaries reaching NT\$10 million or more and 2% or more of the Company's net worth as stated in its latest financial statement.
3. If the Company's subsidiary is not a domestic public company, the Company shall announce and report the matters required to be announced and reported by subsidiaries under the subparagraph 2 of this provision.
 4. The calculation of the balance of loaning of funds to a subsidiary as referred to in the preceding paragraph as a percentage of its net worth shall be calculated based on the percentage of the subsidiary with its balance of loaning of funds to the net worth of the Company.
 5. Date of occurrence: Refers to the date of contract signing, date of payment, dates of Board of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the loaning of funds, whichever date is earlier;

Article 10 Subsequent Control Measures for the Loaned Amount and Procedures for Handling Overdue Creditors' Rights

1. Upon allocation of the loan, it is necessary to keep monitoring the financial, business, and related credit conditions of the borrower and the guarantor. If any collateral is provided, the attention shall be paid to whether there is any change in the collateral value and any material change shall be reported to the president immediately, and appropriate action shall be taken per instruction.
2. When the borrower repays the loan at or before the maturity date, the interest payable shall be calculated first and paid off together with the principal before the promissory note can be canceled and returned to the borrower or the mortgage may be canceled.
3. The borrower shall repay the principal plus interest immediately upon maturity. If the loan is not repaid prior to the maturity date and an extension is required, the application for such extension shall be filed in advance and subject to approval of the Board of Directors.

Article 11 Creation of Log Book

The Company, when engaging in loaning of funds, shall establish a log book (as attached) in which details of the counterparts and amount of loaning of fund, the Board of Directors approval dates, date of granting the fund, and the matters required to be carefully evaluated as required shall be recorded in detail.

Article 12 Internal Audit

The Company's internal auditors shall audit the Operating Procedure for Loaning of Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Company's Audit Committee in writing of any material violation found.

Article 13 Procedures for Controlling the Loaning of Funds to Others by Subsidiaries

1. Where a subsidiary of the Company intends to loan funds to others, the Company shall supervise the subsidiary to formulate its own "Operating Procedure for Loaning of Funds to Others," which shall be approved by the board of directors of the subsidiary. The same shall apply where the Procedure is amended.
2. When a subsidiary of the Company intends to loan funds to others, it may do so

only upon approval of the Company. The dedicated personnel designated by the Company's finance and accounting department and president shall assess the necessity, reasonableness and risk of loaning the funds to others, and the impact on the operational risk, financial position and shareholders' equity of the parent company and subsidiaries, and report the same to the president and Chairman for approval.

3. The Finance and Accounting Department shall obtain a detailed statement of the balance of fund loaned to others of each subsidiary before the 5th day of each month.
4. The Finance and Accounting Department of the Company shall regularly evaluate whether each subsidiary's follow-up control measures for the amount of loans and the procedures for handling non-performing loans are appropriate.
5. The Company's internal auditors shall regularly audit each subsidiary's compliance with the "Operating Procedure for Loaning of Funds to Others" and prepare an audit report. After the findings and recommendations in the audit report have been reported, they shall notify each subsidiary under inspection to take any corrective action and prepare follow-up reports on a regular basis, in order to ensure that appropriate improvement measures have been taken in a timely manner.

Article 14 Penalty

The Company's managers and organizers who violate the Company's "Operating Procedure for Loaning of Funds to Others" when processing the loaning of funds to others shall be reported punished in accordance with the Company's work rules.

Article 15 Other Matters

1. The Board of Directors of the Company shall have the Finance and Accounting Department investigate and evaluate the funds loaned to others before the implementation of the Procedure, and report them to the Board of Directors for ratification. If the loan exceeds the authorized limit, the Finance and Accounting Department shall notify the borrower to repay the excessive loan within six months from the date of implementation of the Procedure.
2. The Company shall formulate rectification plans if the loan balance exceeds the limit due to changes in circumstances, and send the relevant rectification plans to each of the Audit Committee members, and complete the rectification according to the planned schedule.
3. The Company shall, in accordance with the generally accepted accounting principles, evaluate the loaning of funds and set aside sufficient allowance for bad debts, and shall appropriately disclose the relevant information in the financial statements, and provide relevant information to the external auditors for the necessary audit procedures .

Article 16 Supplementation to Related Laws and Regulations

Any matters not covered herein shall be governed by the related laws and regulations.

Article 17 Announcement and Implementation

1. The enactment of or amendments to the Procedure shall be subject to approval of a majority of the Audit Committee members, and then approved per resolution of the Board of Directors. The matters without the consent of a majority of the Audit Committee members must be with the consent of more than two-third of the whole directors; also, the resolutions of the Audit Committee should be clearly stated in the minutes of the Board of Directors meeting. The terms "all Audit Committee members" and "all directors" referred to herein shall be counted as the actual

number of persons currently holding those positions.

2. After being approved by the Board of Directors, the proposal shall be implemented after being approved by the shareholders' meeting. If a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit his/her dissenting opinion to the Audit Committee.

Yuen Chang Stainless Steel Co., Ltd.

Rules of Procedure for Shareholders' Meetings (Before Amendments)

Established at the annual general meeting on June 21, 2014

1st amendments made at the special shareholders' meeting on January 9, 2015

2nd amendments made at the special shareholders' meeting on June 30, 2015.

3rd amendments made at the annual general meeting on June 28, 2016

4th amendments made at the annual general meeting on June 23, 2020

5th amendments made at the annual general meeting on July 20, 2021

6th amendments made at the annual general meeting on June 15, 2022.

Article 1: The Company's shareholders' meeting agenda shall be handled in accordance with the Rules.

Article 2: The shareholders referred to herein mean the shareholders, the shareholders' representatives, and any persons attending the shareholders' meeting on behalf of the shareholders.

Article 3: Unless otherwise provided by law or regulation, shareholders' meetings of the Company shall be convened by the Board of Directors.

Changes to how the Company convenes its shareholders' meeting shall be resolved by the Board of Directors, and shall be made no later than mailing of the shareholders' meeting notice.

The Company shall compile an electronic file that contains meeting notice, proxy letter form, motions for ratification, motions for discussion, election or dismissal of directors, etc. and post it on the MOPS before 30 days before the date of an annual general meeting or before 15 days before the date of a special shareholders' meeting. The Company shall prepare electronic versions of the general meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the annual general meeting or before 15 days before the date of the special shareholders' meeting. However, if the Company's paid-in capital reaches NT\$10 billion or more as of the last day of the most recent fiscal year, or in which the aggregate shareholding percentage of foreign investors and Mainland Chinese investors reached 30% or more as recorded in the roster of shareholders at the time of the annual general meeting held in the most recent fiscal year, it shall upload the aforesaid electronic file within 30 days prior to the day on which the annual general meeting is to be held. Additionally, before 15 days before the date of the shareholders' meeting, the Company shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholders service agent designated thereby, and also distributed on site at the shareholders' meeting.

The reasons for convening a general meeting shall be specified in the meeting notice and

public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the Articles of Incorporation, capital reduction, application for cessation of public offering, approval of directors' competition with the Company, capitalization of retained earnings and capital reserve, company dissolution, merger, spin-off, or the conditions set forth in Paragraph 1, Article 185 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out, with the essential contents explained, in the notice of the reasons for convening the meeting. None of the above matters may be raised as an extempore motion.

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

Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of the Company may propose to the Company a proposal for discussion at an annual general shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. Additionally, when the circumstances of any subparagraph of Paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

Any shareholder may submit any suggestive proposal to urge the Company to promote public interests or fulfill its social responsibilities. Procedurally, the shareholder is allowed to submit no more than one proposal pursuant to Article 172-1 of the Company Act. Any additional proposal will not be included into the motions.

Prior to the book closure date before an annual general meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than ten days.

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

The Company shall, prior to preparing and delivering the general meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the general meeting notice the proposals conforming to the requirements set out in this Article. At the general meeting, the Board of Directors shall explain the reasons for exclusion of any shareholder proposals from the agenda.

Article 4: For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting

by providing the power of attorney issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one power of attorney and appoint only one proxy for any given general meeting, and shall deliver the power of attorney to the Company five days before the date of the general meeting. When duplicate power of attorneys are delivered, the one received earliest shall prevail. However, this excludes situations where the shareholder has issued a proper declaration to withdraw the previous proxy arrangement. After a proxy letter has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company 2 business days before the meeting date. If the cancellation notice is submitted after due date, votes casted at the meeting by the proxy shall prevail.

Article 5: The time and place for the shareholders' meeting shall be set forth by the Board of Directors. The place for the shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6: The Company shall specify in its meeting notices the time during which attendance registrations of shareholders, solicitors and proxies (hereinafter referred to as the "shareholders") will be accepted, the place to register for attendance, and any other important matters.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least thirty minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. The Company allows attending shareholders to hand in a sign-in card in lieu of signing in. Shareholders who attend the meeting shall be given by the Company a copy of the meeting manual, annual report, attendance pass, opinion slip, agenda ballots and any information relevant to the meeting. Additional ballots shall be prepared if director election is also being held during the meeting.

Shareholders shall attend general meetings based on the attendance pass, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting power of attorneys shall also bring identification documents for verification.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. Juristic persons that have been designated as proxy attendants can only appoint one representative to attend the shareholders' meeting.

Article 7: If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise the powers of the chairperson, the Chairman shall appoint one of the directors to act as chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chairperson. When a director serves as the chairperson, as referred to in the preceding paragraph, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be apply if the chairperson is the juristic-person director's representative.

It is advisable that shareholders' meetings convened by the Board of Directors be chaired by the Chairman of Board in person and attended by a majority of the directors, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the shareholders' meeting minutes.

For shareholders' meetings that are convened by any convener other than the Board of Directors, the convener shall chair the meeting. If there are two or more eligible conveners at the same time, one shall be appointed among themselves to chair the meeting.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Article 8: The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the general meeting, and the voting and vote counting procedures. The recorded materials referred to in the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 9: Attendance and voting at a shareholders' meeting shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time, and at the same time announce the number of non-voting shares and the number of shares attending the meeting.

However, when the attending shareholders represent less than a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-thirds of the total number of issued shares, the chairperson shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the

Company Act. All shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month.

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

Article 10: If the shareholders' meeting is convened by the Board of Directors, its agenda shall be set by the Board of Directors. Relevant motions (including extempore motions and amendments to an original motion) should be decided on a case-by-case basis. The meeting shall be conducted according to the scheduled agenda, and shall not be changed without the resolution of the shareholders' meeting.

If the shareholders' meeting is convened by a convening party other than the Board of Directors, the provisions of the preceding paragraph shall apply.

Before the parliamentary procedure is accomplished in accordance with the agenda (including extempore motions) as stated in the preceding two paragraphs, the chairperson cannot announce for the adjournment of the meeting unless with the resolution rendered by the shareholders.

After the meeting is adjourned, shareholders cannot nominate another chairperson to continue the meeting at the same premises or another premises. If the chairperson declares the meeting adjourned in violation of the rules of procedure, a new chairperson may be elected by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chairperson shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or special motions put forward by the shareholders. When the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 11: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance pass number), and account name. The order in which shareholders speak will be set by the chairperson.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the contents of the speech do not correspond to the subject given on the speaker's slip, the spoken contents shall prevail.

Except with the consent of the chairperson, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the requirements referred to in the preceding paragraph or exceeds the scope of the agenda item, the chairperson may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairperson and the shareholder that has the floor. The chairperson shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a

shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chairperson may respond in person or direct relevant personnel to respond.

Article 12: Voting at the shareholders' meetings shall be calculated based on numbers of shares. The voting right of a shareholder who is a government or juristic person shall be exercised by the shareholders' representative on behalf of it.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

Where a shareholder appoints a proxy to attend a shareholders' meeting on behalf of him/her, with the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13: A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Paragraph 2, Article 179 of the Company Act.

When the Company holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the general meeting notice. Shareholders who have voted in writing or using the electronic method are considered to have attended shareholders' meeting in person. but to have waived his/her rights with respect to the special motions and amendments to original proposals of that meeting. Therefore, it is advisable that the Company avoid the submission of extempore motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days before the date of the general meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, However, exception is granted

if the shareholder issues a proper declaration to withdraw the previous instruction.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, within two days before the date of the shareholders' meeting at latest. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. If there is no objection after consultation by the chairperson, it shall be deemed as passed, and its effect is the same as that of voting. For proposals that trigger objections, a decision shall be made by voting. At the time of a vote, for each proposal, the chairperson or a person designated by the chairperson shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of each shareholder. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chairperson, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14: When the shareholders' meeting elects directors, it shall proceed in accordance with the regulations for election of directors established by the Company, and shall announce the results of the election on the spot, including the name list of elected directors and the number of votes with which they were elected, and the name list of directors not elected and number of votes they received.

The ballots for the election items mentioned in the preceding paragraph shall be sealed and signed by the monitoring personnel and then properly kept for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the

ballots shall be retained until the conclusion of the litigation.

Article 15: Resolutions adopted shall be recorded in the minutes of the meeting which shall be affixed with the signature or seal of the chairperson of the meeting and shall be distributed to all shareholders of the Company within twenty days after the close of the meeting. The meeting minutes may be produced and distributed in electronic form. The Company may distribute the meeting minutes referred to in the preceding paragraph by means of a public announcement made through the MOPS. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairperson's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.

Article 16: On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders' meeting.

If matters put to a resolution at a general meeting constitute material information under applicable laws or regulations and under the competent authority's regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17: Staff handling the administrative affairs of a shareholders' meeting shall wear identification cards or armbands.

The chairperson may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card.

If a shareholder violates the rules of procedure and does not obey the chairperson's corrective instructions, and hinders the progress of the meeting and fails to comply, the chairperson may direct the proctors or security personnel to ask him or her to leave the venue.

Article 18: When a meeting is in progress, the chairperson may announce a break based on time considerations. If a force majeure event occurs, the chairperson may rule the meeting temporarily suspended and announce the time when, in view of the circumstances, the meeting will be resumed.

If, before the parliamentary procedure is accomplished in accordance with the agenda (including extempore motions), the meeting venue cannot be occupied any longer, participants may resolve to continue the meeting at an alternative location.

Shareholders may also resolve to postpone or resume the meeting within the next 5 days,

according to Article 182 of the Company Act.

Article 19: Any matters not covered herein shall be governed by the Company Act, the Articles of Incorporation and related laws and regulations.

Article 20: The Rules shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

Yuen Chang Stainless Steel Co., Ltd.

Shareholding by all directors

Until the book closure period for the current annual general meeting (April 8, 2024), the shareholdings by individual director and all directors recorded in the roster of shareholders are stated as following:

Job Title	Name	Date of election	Term of office (years)	Shares held as referred to in the roster of shareholders during the book closure period	
				Shares	Shareholding
Chairman	Yen Te-Ho	June 6, 2023	3	6,915,568	4.16%
Director	Yen The-Wei	June 6, 2023	3	2,226,482	1.34%
Director	Yuji Investment Co., Ltd.	June 6, 2023	3	37,731,750	22.68%
Independent director	Pan Yung-Shan	June 6, 2023	3	0	0%
Independent director	Chen Chih-Cheng	June 6, 2023	3	0	0%
Independent director	Liu Hsin-Hung	June 6, 2023	3	115,888	0.07%
Independent director	Tu Chin-Hsiang	June 6, 2023	3	0	0%
Total				46,989,688	28.25%

Note:

1. The Company's paid-in capital is NT\$1,663,868,360, with 166,386,836 shares issued.
2. According to Article 26 of the Securities and Exchange Act, the number of shares held by the all directors is 9,983,210 shares.
The minimum number of shares held by the all directors is 46,989,688 shares. The number of shares held by all directors already satisfies the statutory standards.
3. The Company has established the Audit Committee. Therefore, no requirements about minimum shareholdings by supervisors shall apply.
4. According to Article 2 of the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratio at Public Companies,” if more than two independent directors are elected, the shareholding ratio of all directors that is calculated proportionally will be reduced to 80%.



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Stainless Steel Processing Center of Dafa Plant

Address: No. 12, Huaxi Rd., Daliao Dist., Kaohsiung City

Tel. No.: (07)787-9118 Fax No.: (07)787-9728

Ningbo Qiyi Precision Ultra-Thin Stainless Steel Rolling Mill

Address: No. 2, Nanbin N. Rd., Binhai New Area in the south of Ningbo, Ninghai County, Ningbo City

Tel. No.: (86)574-59996888 Fax No.: (86)574-59990532

<http://www.qiyi.com.cn>