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運鋁鋼鐵股份有限公司

YUEN CHANG STAINLESS STEEL CO., LTD.

2024 Annual Report

The Company's Official Website: <http://www.yuenchang.com.tw>

MOPS at: <http://mopsov.twse.com.tw>

Printed on April 30, 2025

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IV. Name, Firm Name, Address, Website, and Tel. No. of External Auditor Certifying the Latest Financial Statements:

Name of CPA: Hsu Kai-Ning, CPA and Chang Tzu-Yuan, CPA

CPA Firm: Deloitte Taiwan

Address: 3F., No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City

Tel: (07)530-1888

Website: <http://www.deloitte.com.tw>

V. Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: None

VI. The Company's Official Website: <http://www.yuenchang.com.tw>

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One. Letter to Shareholders

I. 2024 Business Report

2024 Business Report

For the steel industry, 2024 is a tough year. The Company has been proactively adjusting its sales strategy and turned to the development of electronic industries engaged in manufacturing thinner products but deriving higher profit. Therefore, although the revenue in 2024 decreased by about 9% from the previous year, the gross margin and net profit margin have increased significantly from the previous year. The 2024 business performance is reported as follows:

(I) Implementation results of the business plan

Unit: NTD thousand

Item	Performance in 2023	Performance in 2024	Comparison of performance	Growth rate
Operating revenue, net	11,837,852	10,714,847	-1,123,005	-9.49%

(II) Budget execution

Unit: NTD thousand

Item	Scheduled execution in 2024	Actual execution in 2024	Achievement rate
Operating Revenue	12,490,384	10,714,847	85.78%
Sale volume (MT)	172,130	147,697	85.81%

(III) Profitability analysis

Year	2023	2024
Gross profit margin	3.48%	9.66%
Net profit margin	-1.26%	2.10%

(IV) Revenue and expenditure

Unit: NTD thousand

Item	2023	2024	Change in Amount	Note
Net cash inflow (outflow) from operating activities	(91,680)	(63,385)	28,295	1
Net cash inflow (outflow) from investing activities	(140,371)	(141,435)	(1,064)	-
Net cash inflow (outflow) from financing activities	292,186	46,103	(246,083)	2

Note 1: The increase in the net cash inflow from operating activities is primarily a result of the losses suffered in the previous period.

Note 2: The decrease in the net cash inflow from financing activities as a result of the repayment of loans and corporate bonds in the current period, about NT\$831,190 thousand.

(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 Te-Ho

Accounting Manager: Chu Pei-Chen

II. Summary of 2025 Business Report

(I) Business policy

1. Develop new markets and products proactively, disperse the risk over concentrated sales and improve the profitability.
2. Improve production efficiency and quality, and cut operating costs.
3. Enhance the internal control system and implement corporate governance.
4. Promote ethical management and perform social responsibility.

(II) Sales volume forecast and the basis thereof

The Company's sales volume attained 147,130 tons in 2024. Subject to the industrial environment and supply and demand in the market, and in consideration of the Company's own production capacity and business development, the Company adjusted the product portfolio adequately, and set the target sales volume as 165,653 tons for 2025.

(III) Important production & sale policy

1. For the production policy: Continue to enhance operating efficiency and improve production process and quality, and plan high-performance and high-profit product portfolio.
2. For the sale policy: Maintain the fair relationship with existing customers, develop new sales territories, develop new customers and products, strengthen product segments and increase the added value of products.

III. The Company's future development strategy and impact posed by changes in external environment

As for the stainless steel industry in Taiwan, the market is expected to be favorable once entering 2025. The steady recovery of the global economies should increase the demand for steel. In addition, the Fed expects to cut the interest rates in 2025, which will have a positive effect on the steel industry. There is a chance for substantive cease of fire in the Russia-Ukraine War in the first half of the year, which is favorable to the development of the steel industry. However, the unfavorable factors of the steel industry still lingered. The most important thing is that the steelmakers in China are not likely to reduce the capacity quickly. As the domestic demand is still weak, there is no sign of recovery in the real estate industry with the highest consumption of steel. It is expected that there will be a large quantity of steel materials with low price overflow, disrupting the international steel market and prices. In addition, the "equal tariffs" policy advocated by the US President, Trump, may cause inflation to rise again and affect the recovery of the global manufacturing industry. However, in the long run, the steady growth of the manufacturing industry and the global economy will provide opportunities for the steel industry to recover from the trough.

In recent years, net zero emission has become an issue promoted by leading countries proactively. Some impact was posed on the export of certain products by the implementation of EU Carbon Border Adjustment Mechanism (CBAM) on a trial basis in October 2023. Also, Taiwan has passed the "Climate Change Response Act" in January 2023, and the sub-laws governing carbon tax and carbon inventory will be proposed as the first priority. Major dealers have activated the lead-time work, such as carbon footprint inventory and energy conservation and carbon reduction, as the responsive measures. Meanwhile, the ESG represents the global industry trend and enterprise development trend. Taiwan's steel industry is also promoting related measures proactively. Generally speaking, the impact posed by net zero emission and ESG trends on industrial development changes and product line adjustment is expanding. The steel industry would calculate the product carbon footprint inevitably in line with the global carbon reduction trend. The costs related to carbon neutrality will constitute a part of the pricing of steel materials in the future. Therefore, the Company will pay more attention to relevant policies and regulations and the timing of implementation, and adjust products and processes proactively, in order to successfully seize new business opportunities in the carbon

conservation and carbon reduction trend.

Looking forward to the future, the Company will keep pace with the times, continue to verify the market demand, integrate internal and external resources effectively, improve product quality and service level, proactively develop different markets, develop diversified and high value-added products, and also verify the global market trends, in order to address the changes in external environments rapidly, create the long-term stable profit growth and market competitiveness for the Company, and make enterprises and the society create value jointly.

Two. Corporate Governance Report

I. Background Information About Directors, General Manager, Vice General Manager, Associate General Manager, and the Heads of Various Departments and Branches

(I) Information about directors

March 29, 2025; Unit: shares; %

Job Title (Note 1)	Nationality or place of registration	Name	Gender Age	Date of (elected to) office:	Term of office	Date first elected (Note 2)	Shares held at the time of elected to office		Current Shares		Shares held by spouse and underage children		Shares held in the name of a third party		Main career (academic) achievements (Note 3)	Current positions in the Company and other companies	Spouse or Relatives Within the Second Degree of Kinship Acting as a Director, Supervisor, or Other Managerial Officer			Remark
							Shares	Shareholding	Shares	Shareholding	Shares	Shareholding	Shares	Shareholding			Job Title	Name	Affiliation	
Chairman	Republic of China	Yen Te-Ho	Male 67 years old	June 9, 2023	3 years	August 12, 1992	7,215,568	4.34%	6,615,568	3.98%	5,415,200	3.25%	-	-	EMBA (Master's), National Sun Yat-sen University	President of the Company Director and also General Manager, QIYI PRECISION METALS CO., LTD. Director and also General Manager, Surewin Global Limited (HK) Ningbo Qiyi Precision Metals Co., Ltd. Chairman Director, Krystal Holding Ltd.	Director Vice General Manager Vice General Manager Representative of Director	Yen The-Wei Yeh Mei-Yun Yen Po-Chien Chang Yun-Ching	Siblings Couple Father and son Father-in-law and daughter-in-law	(Note 4)
Director	Republic of China	Yen The-Wei	Male 64 years old	June 9, 2023	3 years	July 2, 1999	2,300,482	1.38%	1,211,482	0.73%	1,160,894	0.70%	-	-	MBA (Master's), University of Missouri, USA Professor, Department of Business Management, National Taiwan University Sales Manager, Wholesale Banking Business Unit, American Express Bank Specialist, Import & Export Dept., Citibank Taiwan	Vice Chairman of the Company Chairman of Board, Pei Li Investment Co., Ltd.	Chairman Vice General Manager	Yen Te-Ho Yeh Mei-Yun	Siblings Relatives by marriage	

Job Title (Note 1)	Nationality or place of registration	Name	Gender Age	Date of (elected to) office:	Term of office	Date first elected (Note 2)	Shares held at the time of elected to office		Current Shares		Shares held by spouse and underage children		Shares held in the name of a third party		Main career (academic) achievements (Note 3)	Current positions in the Company and other companies	Spouse or Relatives Within the Second Degree of Kinship Acting as a Director, Supervisor, or Other Managerial Officer			Remark
							Shares	Shareholding	Shares	Shareholding	Shares	Shareholding	Shares	Shareholding			Job Title	Name	Affiliation	
Director	Republic of China	Yuji Investment Co., Ltd.	-	June 9, 2023	3 years	June 23, 2020	37,731,750	22.68%	37,731,750	22.68%	Not applicable	Not applicable	-	-	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
	Republic of China	Representative: Chang Yun-Ching	Female 42 years old	June 9, 2023 Date onboard	3 years	June 9, 2023 Date onboard	-	-	865,530	0.52%	3,540,334	2.13%	-	-	MBA (Master's), Purdue University, USA - Department of International Business, National Taiwan University	Special Assistant to the Chairman of the Company Supervisor, Ningbo Qiyi Precision Metals Co., Ltd.	Chairman Vice General Manager Vice General Manager	Yen Te-Ho Yeh Mei-Yun Yen Po-Chien	Father-in-law and daughter-in-law Mother-in-law and daughter-in-law Spouse	
Independent director	Republic of China	Pan Yung-Shan	Male 70 years old	June 9, 2023	3 years	June 23, 2020	-	-	-	-	-	-	-	-	Department of Materials Science and Engineering, NCKU - Vice General Manager, TANG ENG IRON WORKS CO., LTD.	-	-	-	-	
Independent director	Republic of China	Tu Chin-Hsiang	Male 54 years old	June 9, 2023	3 years	June 9, 2023	-	-	-	-	-	-	-	-	EMBA (Master's), National Sun Yat-sen University	Senior Assistant Vice President, Kinmax Technology Inc.	-	-	-	
Independent director	Republic of China	Chen Chih-Cheng	Male 49 years old	June 9, 2023	3 years	June 9, 2023	-	-	-	-	-	-	-	-	Department of Accounting, Feng Chia University	Practicing CPA, Zhuo Cheng CPA Firm Independent Director, and member of the Audit Committee and Remuneration Committee member, CHANG WAH ELECTROMATERIALS INC. Independent Director, and member of the Audit Committee and Remuneration Committee member, Jason Co., Ltd.	-	-	-	

Job Title (Note 1)	Nationality or place of registration	Name	Gender Age	Date of (elected to) office:	Term of office	Date first elected (Note 2)	Shares held at the time of elected to office		Current Shares		Shares held by spouse and underage children		Shares held in the name of a third party		Main career (academic) achievements (Note 3)	Current positions in the Company and other companies	Spouse or Relatives Within the Second Degree of Kinship Acting as a Director, Supervisor, or Other Managerial Officer			Remark
							Shares	Shareholding	Shares	Shareholding	Shares	Shareholding	Shares	Shareholding			Job Title	Name	Affiliation	
Independent director	Republic of China	Liu Hsin-Hung	Male 51 years old	June 9, 2023	3 years	June 9, 2023	100,888	0.06%	125,888	0.08%	139,888	0.08%	-	-	Master, Department of Public Finance and Taxation, National Kaohsiung University of Science and Technology	Executive Vice President, SUMI STEEL CO., LTD.	-	-	-	

Note 1: Juristic person shareholders shall be identified by the name and representative individually (in the case of a juristic person shareholder's representative, the juristic person shareholder's name shall be identified), and the following Table 1 shall be completed.

Note 2: Please also specify if the initial term of office for the Company's director or supervisor is interrupted.

Note 3: Previous work experiences relating to their current roles; if the person worked in the external auditor's firm or its affiliated company during said time period, the job title and responsibilities must be provided.

Note 4: The Company's Chairman concurrently serves as the President, in order to improve the operating efficiency and decision-making execution power. Besides, the Company's Chairman owns complete industry qualifications and is familiar with the industry market pulse, so as to enable the Board of Directors to control the Company's operations more comprehensively. Notwithstanding, the Company has proactively cultivated professional managers to meet the needs for sound corporate governance. Meanwhile, in the re-election of the Board of Directors in 2023, the Company elected one additional independent director to improve the functions of the Board of Directors and strengthen the supervisory function.

1. Major Shareholders of Juristic Person Shareholders

April 30, 2025

Name of Juristic Person Shareholder	Major shareholders of juristic person shareholders
Yuji Investment Co., Ltd.	Krystal Holding Limited 93.14%, Yen Po-Chien 3.63%, Yeh Mei-Yun 1.51%; Yen Te-Ho 0.96%; Chang Yun-Ching 0.76%

Note 1: If a director or supervisor is a representative of a corporate shareholder, fill in the name of that corporate shareholder.

Note 2: Fill in the names of the corporate shareholder's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios.

If any of the major shareholders is a corporate/juristic person, also complete Form 2 below.

2. Major shareholders of major shareholders who are juristic persons in said Table

April 30, 2025

Name of Juristic Person	Major shareholders of the Juristic Person
Krystal Holding Limited	Yen Te-Ho 45.36%, Yeh Mei-Yun 45.36%, Yen Po-Chien 9.28%

Note 1: If any major shareholder in Form 1 above is a corporate/juristic person, fill in the name of that corporate/juristic person.

Note 2: Fill in the names of the corporate/juristic person's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios.

3. Information disclosure of director's professional qualifications and independence of the independent directors

Conditions Name	Professional qualifications and experience	Independence status	Number of companies to which also serving as independent directors
Yen Te-Ho	Academic background: EMBA (Master's), National Sun Yat-sen University Work experience: President of the Company Director and also General Manager, QIYI PRECISION METALS CO., LTD. Director and also General Manager, Surewin Global Limited (HK) Chairman of Board, Ningbo Qiyi Precision Metals Co., Ltd. Director, Krystal Holding Ltd. Professional qualification: Please refer to (Note 1). Does not meet any of the conditions stated in Article 30 of the Company Act.	Not applicable	None
Yen The-Wei	Academic background: MBA (Master's), University of Missouri, USA Work experience: Sales Manager, Wholesale Banking Business Unit, American Express Bank Specialist, Import & Export Dept.,	Not applicable	None

Conditions Name	Professional qualifications and experience	Independence status	Number of companies to which also serving as independent directors
	Citibank Taiwan Chairman of Board, Pei Li Investment Co., Ltd. Professional qualification: Please refer to (Note 1). Does not meet any of the conditions stated in Article 30 of the Company Act.		
Chang Yun-Ching	Academic background: MBA (Master's), Purdue University, USA Work experience: Chairman's Special Assistant, Yuen Chang Stainless Steel Co., Ltd. Supervisor, Ningbo Qiyi Precision Metals Co., Ltd. Professional qualification: Please refer to (Note 1). Does not meet any of the conditions stated in Article 30 of the Company Act.	Not applicable	None
Pan Yung-Shan	Academic Background: Department of Materials Science and Engineering, NCKU Work experience: Vice General Manager, TANG ENG IRON WORKS CO., LTD. Professional qualification: Please refer to (Note 1). Does not meet any of the conditions stated in Article 30 of the Company Act.	(1) Neither they or their spouses or relatives within the second degree of kinship serve as directors, supervisors, or employees in the Company or any of its affiliates. (2) The number and percentage of the Company's shares held in their own names or names of the spouses, relatives within the second degree of kinship (or proxy shareholder) Number of shares is 0 shares and the weight is 0%. (3) None of them serve as directors, supervisors, or employees in any entity that has a certain relationship with the Company. (4) Amount of remuneration received in the last two years for providing commercial, legal, financial, accounting or other professional services to the Company and its affiliates is NT\$0.	None
Tu Chin-Hsiang	Academic background: EMBA (Master's), National Sun Yat-sen University Work experience: Senior Assistant Vice President, Kinmax Technology Inc. Professional qualification: Please refer to (Note 1). Does not meet any of the conditions stated in Article 30 of the Company Act.	(1) Neither they or their spouses or relatives within the second degree of kinship serve as directors, supervisors, or employees in the Company or any of its affiliates. (2) The number and percentage of the Company's shares held in their own names or names of the spouses, relatives within the second degree of kinship (or proxy shareholder) Number of shares is 0 shares and the weight is 0%. (3) None of them serve as directors, supervisors, or employees in any entity that has a certain relationship with the Company. (4) Amount of remuneration received in the last two years for providing commercial, legal, financial, accounting or other professional	None

Conditions Name	Professional qualifications and experience	Independence status	Number of companies to which also serving as independent directors
		services to the Company and its affiliates is NT\$0.	
Chen Chih-Cheng	Academic background: Department of Accounting, Feng Chia University Work experience: Practicing CPA, Zhuo Cheng CPA Firm Professional qualification: Please refer to (Note 1). Does not meet any of the conditions stated in Article 30 of the Company Act.	(1) Neither they or their spouses or relatives within the second degree of kinship serve as directors, supervisors, or employees in the Company or any of its affiliates. (2) The number and percentage of the Company's shares held in their own names or names of the spouses, relatives within the second degree of kinship (or proxy shareholder) Number of shares is 0 shares and the weight is 0%. (3) None of them serve as directors, supervisors, or employees in any entity that has a certain relationship with the Company. (4) Amount of remuneration received in the last two years for providing commercial, legal, financial, accounting or other professional services to the Company and its affiliates is NT\$0.	2
Liu Hsin-Hung	Academic background: Master, Department of Public Finance and Taxation, National Kaohsiung University of Science and Technology Work experience: Executive Vice President, SUMI STEEL CO., LTD. Professional qualification: Please refer to (Note 1). Does not meet any of the conditions stated in Article 30 of the Company Act.	(1) Neither they or their spouses or relatives within the second degree of kinship serve as directors, supervisors, or employees in the Company or any of its affiliates. (2) The number and percentage of the Company's shares held in their own names or names of the spouses, relatives within the second degree of kinship (or proxy shareholder) Number of shares is 0 shares and the weight is 0%. (3) None of them serve as directors, supervisors, or employees in any entity that has a certain relationship with the Company. (4) Amount of remuneration received in the last two years for providing commercial, legal, financial, accounting or other professional services to the Company and its affiliates is NT\$0.	None

4. The Board of Directors' diversity and independence:

(1) Diversity of the Board members:

The Company includes the philosophy of diversity into the “Corporate Governance Best Practice Principles” and “Procedure for Election of Directors.” The same expressly state that the election of directors shall be determined by taking diversity into consideration but directors serving as managers concurrently should not be more than one-third of the whole directors. Meanwhile, it is advisable that an appropriate policy on diversity shall include, without limitation to, the two general standards, namely, basic requirements and values (gender, age, nationality and culture, etc.) and professional knowledge and skills (law, accounting, industry, finance, marketing or technology).

All members of the Board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

(a) Ability to make operational judgments; (b) Ability to perform accounting and financial analysis; (c) Ability to conduct management administration; (d) Ability to conduct crisis management; (e) Knowledge of the industry; (f) An international market perspective; (g) Ability to lead; (h) Ability to make policy decisions.

In order to implement the Board member diversity policy, the Company aims to increase the proportion of female directors to one-third or more in the future. Now, one female director is serving the term of office, i.e. 14% of the whole directors. Further, there are two directors with the employee ID in the Company, i.e. 29%, and four independent directors, i.e. 57%. None of the independent directors shall hold more than three consecutive terms of office. Two directors attain the age of 41~50 years old, two directors the age of more than 51 years old, and three directors at the age of more than 61 years old. For the Board members' diversified composition and professional ability, please refer to Note (1).

However, the number of directors of either gender in the Board of Directors of the Company does not exceed one-third of the total number of directors:

1. Description: The Company has 7 seats of Directors, and the current Directors were elected in the Shareholders Meeting on June 9, 2023. There is only one female Director, which is in compliance with the applicable law then, but not yet reaching one-third of the total seats.

2. Measures: Before the end of the term of the Board of Directors for re-election, the Company will seek talents by referral from the industry or academic community for the purpose of enhancing the effectiveness of corporate governance, and diversifying the members of the Board of Directors.

(2) Independence of the Board of Directors:

Among the Board members, Chairman Yen Te-Ho and Director Yen The-Wei are siblings, and Chairman Yen Te-Ho and Representative of Juristic Person Director, Chang Yun-Ching, are father-in-law and daughter-in-law. There are four independent directors. Accordingly, the Company should be held complying with Article 14-2 of the Securities and Exchange Act, requiring that there should be no less than two independent directors and the number of independent directors shall be no less than one-fifth of the whole directors. Meanwhile, more than a half of the Company's Board members do consist of persons who are neither a

spouse nor relative within the second degree of kinship of any director.

Note 1: The Board members' composition and professional ability.

Diversity core items Name of director	Basic composition:								Industrial experience				Professional ability					
	Nationality	Gender	Serving as the Company's employees concurrently	Age			Seniority as an independent director		Manufacturing	Commercial and industrial service	Finance	Information and Communication Services	Business Management	Leadership and Decision Making	Knowledge of the industry	Accounting and finance	Marketing	Technology
				41 to 50	51 to 60	61 to 70	Under 3 years	3-9 years										
Chairman Yen Te-Ho	Republic of China	Male	✓			✓			✓				✓	✓	✓	✓	✓	
Director Yen The-Wei	Republic of China	Male				✓			✓		✓		✓	✓	✓	✓	✓	
Representative of Juristic Person Director Chang Yun-Ching	Republic of China	Female	✓	✓					✓		✓		✓	✓	✓	✓	✓	
Independent director Pan Yung-Shan	Republic of China	Male				✓		✓	✓				✓	✓	✓		✓	
Independent director Tu Chin-Hsiang	Republic of China	Male			✓		✓					✓	✓	✓	✓		✓	✓
Independent director Chen Chih-Cheng	Republic of China	Male		✓			✓			✓			✓	✓	✓	✓		
Independent director Liu Hsin-Hung	Republic of China	Male			✓		✓		✓				✓	✓	✓	✓	✓	

(II) Background Information About General Manager, Vice General Manager, Associate General Manager, and the Heads of Various Departments and Branches

March 29, 2025; Unit: shares; %

Job Title	Nationality	Name	Gender	Date of (elected to) office:	Shares held		Shareholding by spouse or dependents		Shares held in the name of a third party		Main career (academic) achievements	Concurrent positions in other companies	Spouse or relatives within the second degree of kinship acting as managers			Remark
					Shares	Shareholding	Shares	Shareholding	Shares	Shareholding			Job Title	Name	Affiliation	
General Manager	Republic of China	Yen Te-Ho	Male	June 9, 2023	6,615,568	3.98%	5,415,200	3.25%	-	-	EMBA (Master's), National Sun Yat-sen University	Director and also General Manager, QIYI PRECISION METALS CO., LTD. Director and also General Manager, Surewin Global Limited (HK) Chairman of Board, Ningbo Qiyi Precision Metals Co., Ltd. Director, Krystal Holding Ltd.	Vice General Manager Vice General Manager Special Assistant to the Chairman	Yeh Mei-Yun Yen Po-Chien Chang Yun-Ching	Spouse Father and son Father-in-law and daughter-in-law	(Note 1)
Vice General Manager	Republic of China	Yeh Mei-Yun	Female	August 1, 2009	5,415,200	3.25%	6,615,568	3.98%	-	-	EMBA (Master's), National Sun Yat-sen University	Director, Ningbo Qiyi Precision Metals Co., Ltd. Supervisor, Run Yang Investment Co., Ltd. Director, Krystal Holding Ltd.	General Manager Vice General Manager Special Assistant to the Chairman	Yen Te-Ho Yen Po-Chien Chang Yun-Ching	Spouse Mother and son Mother-in-law and daughter-in-law	
Vice General Manager	Republic of China	Wu Huang-Yen	Male	October 1, 2008	40,548	0.02%	-	-	-	-	Department of Aeronautics and Astronautics, NCKU Graduate Institute of Mechanical Engineering, National Chung Hsing University Factory Manager, Production Dept., YIEH MAU CORP. Vice General Manager, YOW JAAN CHERN ENTERPRISE CO., LTD., Guandong Branch	None	-	-	-	
Vice General Manager	Republic of China	Huang Ying-Hsueh	Male	April 13, 2015	80,664	0.05%	-	-	-	-	Department of Business Administration, National Sun Yat-sen University Section Chief, Business Dept., YIEH UNITED STEEL CORPORATION Associate General Manager, Ningbo Qiyi Precision Metals Co., Ltd.	None	-	-	-	
Vice General Manager	Republic of China	Yen Po-Chien	Male	December 25, 2020	1,991,714	1.20%	2,414,150	1.45%	-	-	MBA (Master's), Purdue University, USA Department of Business Administration, National Chengchi University	Chairman of Board, Yuji Investment Co., Ltd. Director, Ningbo Qiyi Precision Metals Co., Ltd. Vice General Manager, Ningbo Qiyi Precision Metals Co., Ltd.	General Manager Vice General Manager Special Assistant to the Chairman	Yen Te-Ho Yeh Mei-Yun Chang Yun-Ching	Father and son Mother and son Spouse	

Job Title	Nationality	Name	Gender	Date of (elected to) office:	Shares held		Shareholding by spouse or dependents		Shares held in the name of a third party		Main career (academic) achievements	Concurrent positions in other companies	Spouse or relatives within the second degree of kinship acting as managers			Remark
					Shares	Shareholding	Shares	Shareholding	Shares	Shareholding			Job Title	Name	Affiliation	
Associate General Manager, Finance and Accounting Department	Republic of China	Chu Pei-Chen	Male	November 5, 2013	163,143	0.10%	-	-	-	-	Department of Accounting, Tunghai University Graduate Institute of Business Management, National Kaohsiung University of Science and Technology Director, Audit Dept., Horwath Chien Hsing, Certified Public Accountants	None	-	-	-	
Special Assistant to the Chairman	Republic of China	Chang Yun-Ching	Female	January 1, 2023	865,530	0.52%	3,540,334	2.13%	-	-	MBA (Master's), Purdue University, USA Department of International Business, National Taiwan University	Supervisor, Ningbo Qiyi Precision Metals Co., Ltd.	General Manager	Yen Te-Ho	Father-in-law and daughter-in-law	
													Vice General Manager	Yeh Mei-Yun	Mother-in-law and daughter-in-law	
													Vice General Manager	Yen Po-Chien	Spouse	

Note 1: The Company's Chairman concurrently serves as the President, in order to improve the operating efficiency and decision-making execution power. Besides, the Company's Chairman owns complete industry qualifications and is familiar with the industry market pulse, so as to enable the Board of Directors to control the Company's operations more comprehensively. Notwithstanding, the Company has proactively cultivated professional managers to meet the needs for sound corporate governance. Meanwhile, in the re-election of the Board of Directors in 2023, the Company elected one additional independent director to improve the functions of the Board of Directors and strengthen the supervisory function.

II. Compensation to Directors (including Independent Directors), General Manager and Vice General Manager in the Latest Year

(I) Compensation to Directors, General Manager and Vice General Manager in the Latest Year (2024)

1. Compensation to directors (including independent 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)		Remuneration to employees (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	4,818	4,818	-	-	603	603	21	21	2.41%	2.41%	-	-	-	-	-	-	-	-	2.41%	2.41%	None
Director	Yen The-Wei	366	366	-	-	46	46	21	21	0.19%	0.19%	-	-	-	-	-	-	-	-	0.19%	0.19%	None
Director	Chang Yun-Ching	366	366	-	-	46	46	21	21	0.19%	0.19%	1,279	1,279	-	-	-	-	-	-	0.76%	0.76%	None
Independent director	Pan Yung-Shan	366	366	-	-	46	46	21	21	0.19%	0.19%	-	-	-	-	-	-	-	-	0.19%	0.19%	None
Independent director	Tu Chin-Hsiang	366	366	-	-	46	46	21	21	0.19%	0.19%	-	-	-	-	-	-	-	-	0.19%	0.19%	None
Independent director	Chen Chih-Cheng	366	366	-	-	46	46	21	21	0.19%	0.19%	-	-	-	-	-	-	-	-	0.19%	0.19%	None
Independent director	Liu Hsin-Hung	366	366	-	-	46	46	21	21	0.19%	0.19%	-	-	-	-	-	-	-	-	0.19%	0.19%	None

Note 1: The Company re-elected directors at the shareholders' meeting on June 9, 2023, and the new directors were Tu Chin-Hsiang, Chen Chih-Cheng and Liu Hsin-Hung. The former directors were Huang Hung-Chieh, Tseng Chi-Kuo and Chen Mu-Dan. Yuji Investment Co., Ltd. changed its representative from Yen Po-Chien to Chang Yun-Ching.

1. Please explain the policy, system, standards and structure by which independent director compensation is paid, and association between the amount paid and independent directors' responsibilities, risks, and time committed:

(1) The remuneration to independent directors was paid at a fixed amount, i.e. NT\$30,000 per person/month, which was later adjusted to NT\$31,000 in July 2024. According to Article 20 of the Articles of Incorporation, subject to the profit sought for the current year, the Board of Directors may resolve to allocate no more than 2% of the profit as the remuneration to directors. The remuneration to directors may be paid in cash only.

(2) The independent directors shall attend the Board of Directors' meetings, for which the Company will pay the transportation allowance to the independent directors.

(3) The independent directors who also serve as the members of any functional committee of the Board of Directors shall also attend the functional committee meeting. The Company will pay the attendance fees subject to the circumstances.

2. Compensation received by director for providing service (e.g. consultancy service without the title of an employee to the parent company, any company included in the financial statements, or any investee) in the most recent year, except those disclosed in said table: None.

2. Remunerations to General Manager and Deputy General Manager (Five Highest Remunerated Management Personnel):

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

Job Title (Note 1)	Name	Salaries (A)		Severance payment and pension (B)		Bonus and special allowances (C)		Remuneration to employees (D)				Sum of A, B, C, and D as a Percentage of Net Income(%)		Compensation from investees other than subsidiaries or from the parent company
		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			
General Manager	Yen Te-Ho	-	-	-	-	-	-	-	-	-	-	-	-	None
Vice General Manager	Yeh Mei-Yun	1,987	1,987	-	-	427	427	-	-	-	-	1.07%	1.07%	None
Vice General Manager	Wu Huang-Yen	1,988	1,988	-	-	580	580	-	-	-	-	1.14%	1.14%	None
Vice General Manager	Huang Ying-Hsueh	1,472	1,472	-	-	318	318	-	-	-	-	0.79%	0.79%	None
Vice General Manager	Yen Po-Chien	799	2,350	-	-	175	369	-	-	-	-	0.43%	1.21%	None

Note 1: The Company's Board of Directors approved on June 9, 2023 that the Chairman should concurrently serve as the President. The former President was elected as the Vice Chairman by the directors.

3. Names of managers who receive employee remuneration, and the final allocation in the latest year (2024):

Unit: NTD thousand

	Job Title	Name	Amount in stock	Amount in cash	Total	Total Amount in Proportion to Net Income (%)
Manager	General Manager	Yen Te-Ho	-	-	-	-
	Vice General Manager	Yeh Mei-Yun				
	Vice General Manager	Wu Huang-Yen				
	Vice General Manager	Huang Ying-Hsueh				
	Vice General Manager	Yen Po-Chien				
	Associate General Manager, Finance and Accounting Department	Chu Pei-Chen				
	Special Assistant to the Chairman	Chang Yun-Ching				

(II) Amount of compensation paid in the latest 2 years by the Company and all companies included in the consolidated financial statements to the Company's directors, General Manager and Vice General Manager, and their respective proportions to the net income referred to in the parent company only or individual financial statements, as well as the policies, standards, and packages by which they were paid, the procedures through which compensations were determined, and their association with business performance and future risks.

1. Analysis on the amount of compensation paid in the latest 2 years by the Company and all companies included in the consolidated financial statements to the Company's directors, General Manager and Vice General Manager, and their respective proportions to the net income referred to in the parent company only or individual financial statements:

Unit: NT\$ Thousand; %

Analysis Items	2023		2024	
	The Company	Companies Included in the Financial Statements	The Company	Companies Included in the Financial Statements
Total compensation to directors	7,134	7,134	8,040	8,040
Total compensation to directors in proportion to net income	-4.78%	-4.78%	3.57%	3.57%
Total compensation to supervisors	-	-	-	-
Total compensation to supervisors in proportion to net income	-	-	-	-
Total compensation to General Manager and Vice General Manager	8,883	10,509	7,746	9,491
Total compensation to General Manager and Vice General Manager in proportion to net income	-5.90%	-7.04%	3.44%	4.21%

2. The Company's policies, standards, and packages by which the compensations were paid, the procedures through which compensations were determined, and their association with business performance and future risks:

(1) For the Company's policy by which the compensation was paid to directors, 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. According to Article 20 of the Articles of Incorporation, subject to the profit sought by the Company (i.e. the income before tax less remuneration distributed to employees and directors) for any fiscal year, the Company shall allocate no more than 2% of the balance remaining after accumulated losses are paid up, if any, as the remuneration to directors.

In order to evaluate the remuneration to directors periodically, the remuneration to directors is decided subject to their engagement in the Company's operations and personal performance contribution, and paid based on the assessment conducted under the "Regulations Governing the Board of Directors' Performance Evaluation." The compensation to directors is proposed by Remuneration Committee and paid upon approval of the Board of Directors. Please refer to Page 21 for details on the directors' performance evaluation items.

(2) For the Company's policy by which the compensation was paid to managers, according to the Company's "Salary Management Regulations", the salary and remuneration to managers shall be evaluated and determined subject to the managers' seniority, position, responsibility, performance, and contribution to the Company, and in reference to the pay level adopted by the peer companies, personal performance, the rationality of their association with business performance and future risks. Further, according to Article 20 of the Articles of Incorporation, subject to the profit sought by the Company (i.e. The income before income tax less remuneration distributed to employees and directors) for any fiscal year, the Company shall allocate at least 2% of the balance remaining after accumulated losses are paid up, if any, as the remuneration to employees.

In order to ensure the close association of the managers' performance with the Company's strategies and also competitive salary and remuneration, the Company adopts the "Regulations Governing the Managers' Performance Evaluation." The managers' performance evaluation consists of the indicators including "leadership," "ability to train subordinates," "work performance," "ability to communicate and coordinate" and "cost consciousness." The performance evaluation is conducted each year, as the basis for the managers' performance evaluation and payment of compensation. Said Regulations are subject to the resolution rendered by the Board of Directors after being reviewed by the Remuneration Committee.

III. Operation of Corporate Governance

(I) Functionality of the Board of Directors

1. Chairman Yen Te-Ho has convened a total of 5 Board of Directors' meetings in 2024. The attendance of directors is stated as follows:

Job Title	Name	Attendance in Person (or as observer)	Frequency of proxy attendance	Percentage of attendance (or as observer) (%)	Remark
Chairman	Yen Te-Ho	5	-	100%	Re-elected on June 9, 2023
Director	Yen The-Wei	5	-	100%	Re-elected on June 9, 2023
Director	Yuji Investment Co., Ltd. Representative: Chang Yun-Ching	5	-	100%	Re-elected on June 9, 2023
Independent director	Pan Yung-Shan	5	-	100%	Re-elected on June 9, 2023
Independent director	Tu Chin-Hsiang	5	-	100%	Newly elected on June 9, 2023
Independent director	Chen Chih-Cheng	5	-	100%	Newly elected on June 9, 2023
Independent director	Liu Hsin-Hung	5	-	100%	Newly elected on June 9, 2023

Other remarks:

- I. Where there are any circumstances referred to in Article 14-3 of the Securities and Exchange Act and any other resolution(s) by the Board of Directors' meetings passed but with independent directors voicing opposing or qualified opinions on the record or in writing, please disclose the date and session of the meeting, contents of the motions, independent directors' opinions and how the Company has responded to such opinions: None.
- II. For directors' avoidance of motions which involves conflict of interest:

All of the Company's directors comply with Article 19 of the "Regulations Governing Procedure for Board of Directors Meetings," which provides that "a director or the juristic person represented by him/her may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter, under the following circumstances: I. if the director or the juristic person represented by him/her is an interested party with respect to any agenda item and thereby is likely to prejudice the interests of the Company; II. if the director considers that he/she should recuse himself/herself voluntarily; III. if the director should be recused per the resolution by the Board of Directors meeting. If the director still participates in the voting against the recusal requirement, his/her voting right shall be held invalid."

 1. 1st meeting of 4th Board of Directors in 2024 on March 8, 2024: 2023 year-end bonus to managerial officers: Director Yen Te-Ho, Director Yen The-Wei and Director Chang Yun-Ching recused themselves pursuant to laws.
 4. 3rd meeting of 4th Board of Directors on August 7, 2024: Periodic review on the salary and remuneration to directors and managers: Director Yen Te-Ho, Director Yen The-Wei, Director Chang Yun-Ching, Director Pan Yung-Shan, Director Tu Chin-Hsiang, Director Chen Chih-Cheng and Director Liu Hsin-Hung all recused themselves pursuant to laws.
- III. Enhancements to the functionality of the Board of Directors in the current and the most recent year (e.g. establishment of an Audit Committee, and improvement of information transparency, etc), and the progress of such enhancements:
 1. Target for enhancements to the functionality of the Board of Directors:
 - (1) The Board of Directors is operating fairly in accordance with the "Regulations Governing Procedure for Board of Directors Meetings."
 - (2) The Company also established the "Audit Committee" and "Remuneration Committee" on January 9, 2015, in order to enhance the functionality of the Board of Directors and improvement the information transparency.
 - (3) The Company arranges each director to attend continuing education programs to help the director keep his/her core values and professional ability.
 2. Evaluation on implementation status:

By upholding the principle of operating information transparency, the Company will post any important resolution on the MOPS and the Company's website immediately once it is rendered by the Board of Directors meeting, in order to maintain shareholders' equity.

2. Execution of the Board Performance Evaluation

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Contents of evaluation
Once per year	January 1 to December 31, 2024	Including the Board of Directors, individual Board members, Audit Committee and Remuneration Committee	Internal self-assessment	(1) The Board of Directors' performance evaluation indicators shall cover the following five major aspects: A. Participation in the Company's operation; B. Improvement of Board of Directors' decision-making quality; C. Composition and structure of the Board; D. Election and continuing education of directors; E. Internal controls. (2) The Board members' performance evaluation indicators shall cover the following six major aspects: A. Alignment with the goals and mission of the Company; B. Knowledge of directors' duties; C. Participation in the Company's operation; D. Management of internal relationship and communication; E. Professionalism and continuing education of directors; F. Internal controls. (3) The functional committees' performance evaluation indicators shall cover the following five major aspects: A. Participation in the Company's operation; B. Knowledge of the duties of the functional committee. C. Improvement of the functional committee's decision-making quality. D. Composition of the functional committee, and election and appointment of the committee members. E. Internal controls.

(II) Information the functionality of Audit Committee:

1. The Company established the Audit Committee in replace of the supervisors upon approval of the Board of Directors on January 9, 2015.
2. The Company's Audit Committee consists of 4 independent directors. The Committee aims to help the Board of Directors supervise the quality and integrity of the accounting, auditing and financial reporting procedures and financial controls executed by the Company.
3. Functionality of the Audit Committee in 2024 - A total of 5 meetings were convened in 2024. The members' attendance at the meetings is specified as follows:

Job Title	Name	Frequency of actual attendance	Frequency of proxy attendance	Actual attendance (%)	Remark
Member	Pan Yung-Shan	5	-	100%	Re-elected (Note 1)
Member	Tu Chin-Hsiang	5	-	100%	Newly elected (Note 1)
Convener	Chen Chih-Cheng	5	-	100%	Newly elected (Note 1)
Member	Liu Hsin-Hung	5	-	100%	Newly elected (Note 1)

Note 1: Pan Yung-Shan, Tu Chin-Hsiang, Chen Chih-Cheng and Liu Hsin-Hung were elected as the Company's independent directors at the annual general meeting on June 9, 2023, and became the Audit Committee members to serve the term of office from June 9, 2023 to June 8, 2026.

Matters to be reviewed by the Audit Committee members primarily include:

1. Audit on financial statements, and accounting policies and procedures
2. Internal control systems and related policies and procedures
3. Material assets or derivatives transactions
4. Material loaning of funds and making of endorsement or guarantee
5. Offering or issuance of securities
6. Financial derivatives and cash investment
7. Legal Compliance
8. Whether the manager and director engage in the transaction with related parties and have any potential conflict of interest with each other.
9. Report on grievances
10. Corruption prevention plan and corruption investigation report
11. Information security
12. Corporate Risk Management
13. Seniority and independence of, and performance assessment on, external auditors
14. Appointment, discharge or remuneration of an external auditor
15. Appointment or discharge of a financial, accounting or internal auditing officer.

Performance of responsibilities of the Audit Committee:

●Review on financial reports

The Board of Directors have prepared the Company's 2024 Business Report, financial statements and earnings appropriation proposal. Among them, the financial statements were already audited by Deloitte Taiwan, to which the firm issued an audit report. Said business report, financial statements and earnings appropriation proposal have been reviewed by the Audit Committee and found to have no inconsistencies.

●Evaluation on effectiveness of the internal control system

The Audit Committee evaluated the effectiveness of policies and procedures about the Company's internal control system (including finance, operation, risk management, information security, contract award and compliance control policies), and also reviewed the Company's Audit Dept. and external auditors, in addition to the management's periodic reports, including risk management and legal compliance reports. By reference to the Internal Control-Integrated Framework released by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, the Audit Committee believed that the Company's risk management and internal control system should be held effective. The Company has also adopted necessary control mechanism to supervise and correct any misconduct.

Other remarks:

I. For an Audit Committee that meets any of the following descriptions, state the date, session, contents of motion, independent directors' opposing opinions, reservations or key recommendations, Audit Committee's resolutions, and how the Company has responded to Audit Committee's opinions.

1. Circumstances referred to in Article 14-5 of the Securities and Exchange Act:

Session	Contents of Motion	Resolution	How the Company Has Responded to Audit Committee's Opinions
March 8, 2024 1st meeting of 4th Audit Committee	1. Issuance of the Company's 2023 Declaration for Statement of Internal Control. 2. Appointment of and remuneration to the Company's independent auditors for 2024. 3. 2023 Business report and financial statements. 4. 2023 Deficit compensation proposal 5. Distribution of cash from capital surplus. 6. Ratification of the Company's derivatives trading. 7. Addition and amendments to the reservation of credit facility with certain financial institutions in 2024. 8. Amendments to the Company's plan to make endorsement/guarantee for the agreement on and renewal of facility of the subsidiary, Ningbo Qiyi Precision Metals Co., Ltd. (hereinafter referred to as "Qiyi"), with various financial institutions in 2024. 9. Amendments to certain provisions of the "General Provisions of Internal Audit System and Enforcement Rules thereof." 10. Amendments to certain provisions of the Company's "Regulations Governing Procedure for Board of Directors Meetings." 11. Amendments to certain provisions of the "Organization Rules of Audit Committee Charter."	The motion was unanimously approved by all present Committee members as it was proposed upon discussion.	Submitted to the Company's Board of Directors for resolution.
May 7, 2024 2nd meeting of 4th Audit Committee	1. Amendments to the Company's plan to make endorsement/guarantee for the agreement on and renewal of facility of the subsidiary, Ningbo Qiyi Precision Metals Co., Ltd. (hereinafter referred to as "Qiyi"), with various financial institutions in 2024. 2. Amendments to the Company's "Regulations Governing Property Management"	The motion was unanimously approved by all present Committee members as it was proposed upon discussion.	Submitted to the Company's Board of Directors for resolution.

August 7, 2024 3rd meeting of 4th Audit Committee	1. Amendments to the Company's plan to make endorsement/guarantee for the agreement on and renewal of facility of the subsidiary, Ningbo Qiyi Precision Metals Co., Ltd. (hereinafter referred to as "Qiyi"), with various financial institutions in 2024.	The motion was unanimously approved by all present Committee members as it was proposed upon discussion.	Submitted to the Company's Board of Directors for resolution.
November 7, 2024 4th meeting of 4th Audit Committee	1. Amendments to the Company's plan to make endorsement/guarantee for the agreement on and renewal of facility of the subsidiary, Ningbo Qiyi Precision Metals Co., Ltd. (hereinafter referred to as "Qiyi"), with various financial institutions in 2024. 2. The sales of real estate by the subsidiary, Ningbo Qiyi Precision Metals Co., Ltd. 3. Procurement of equipment by the subsidiary, Ningbo Qiyi Precision Metals Co., Ltd. 4. The Company's change of CPAs due to the internal job rotation of the CPA Firm.	The motion was unanimously approved by all present Committee members as it was proposed upon discussion.	Submitted to the Company's Board of Directors for resolution.
December 25, 2024 5th meeting of 4th Audit Committee	1. Propose the Company's 2025 business plan. 2. The Company's plan to make endorsement/guarantee for the agreement on and renewal of facility of the subsidiary, Ningbo Qiyi Precision Metals Co., Ltd. (Hereinafter referred to as "Qiyi") with various financial institutions in 2025. 3. Amendments to certain provisions of the "Internal Control System" and "General Provisions of Internal Audit System and Enforcement Rules thereof." 4. Amendments to the "Procedures for Handling Material Inside Information and Insider Trading Prevention Management" 5. Formulation of the "Sustainable Report Preparation and Assurance Operating Procedures".	The motion was unanimously approved by all present Committee members as it was proposed upon discussion.	Submitted to the Company's Board of Directors for resolution.
2. Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-third of directors: None.			

II. For independent directors' avoidance of motions which involves conflict of interest, the names of independent directors, contents of the motions, reasons of the recusal for conflict of interest, and participation in voting must be disclosed: None.

III. Communication between independent directors & internal auditing officer and CPAs:

1. The interaction between internal auditors and independent directors in 2024:

Date	Attendees	Contents of communication	Results of communication
March 8, 2024 Communication meeting	Independent Director Chen Chih-Cheng	2023 overall audit operations implementation status.	No comments
	Independent Director Pan Yong-Shan	Audit reports on December 2023 and January to February 2024.	No comments
	Independent Director Tu Chin-Hsiang Independent Director Liu Hsin-Hung Chief Internal Audit Officer Huang Chi-Yun	Issuance of the Company's 2023 "Declaration for Statement of Internal Control".	No comments
May 7, 2024 Communication meeting	Independent Director Chen Chih-Cheng Independent Director Pan Yong-Shan Independent Director Tu Chin-Hsiang Independent Director Liu Hsin-Hung Chief Internal Audit Officer Huang Chi-Yun	Audit reports for March to April 2024.	No comments
August 7, 2024 Communication meeting	Independent Director Chen Chih-Cheng Independent Director Pan Yong-Shan	Audit reports for May to June 2024.	No comments
	Independent Director Tu Chin-Hsiang Independent Director Liu Hsin-Hung Chief Internal Audit Officer Huang Chi-Yun	Correction of deficiencies in internal control system and abnormality in 2023.	No comments
November 7, 2024 Communication meeting	Independent Director Chen Chih-Cheng Independent Director Pan Yong-Shan Independent Director Tu Chin-Hsiang Independent Director Liu Hsin-Hung Chief Internal Audit Officer Huang Chi-Yun	Audit reports for July to September 2024.	No comments
December 25, 2024 Communication meeting	Independent Director Chen Chih-Cheng Independent Director Pan Yong-Shan	Audit reports for October to November 2024.	No comments
	Independent Director Tu Chin-Hsiang Independent Director Liu Hsin-Hung Chief Internal Audit Officer Huang Chi-Yun	Proposal of the "the Company's 2025 internal audit plan" to the internal auditors.	No comments

2. The interaction between CPAs and independent directors in 2024:

Date	Attendees	Contents of communication	Results of communication
March 8, 2024 Audit Committee	Independent Director Chen Chih-Cheng Independent Director Pan Yong-Shan Independent Director Tu Chin-Hsiang Independent Director Liu Hsin-Hung Hsu Kai-Ning, CPA of Deloitte Taiwan Huang Pao-Yu, Senior Manager of Deloitte Taiwan	Evaluation on independence and competence of external auditors.	No objection raised by the Audit Committee.
		Reported to the Audit Committee on the expected audit and non-audit work in 2024 for approval.	Approved the audited and non-audited work to be performed by Deloitte Taiwan in 2024.
		Discussion and communication about 2023 consolidated financial statements and parent company only financial statements.	Audit Committee approved the review result of 2023 financial statements, and no follow-up is required.
May 7, 2024 Audit Committee	Independent Director Chen Chih-Cheng Independent Director Pan Yong-Shan Independent Director Tu Chin-Hsiang Independent Director Liu Hsin-Hung Hsu Kai-Ning, CPA of Deloitte Taiwan Huang Pao-Yu, Senior Manager of Deloitte Taiwan	Discussion and communication about Q1 2024 consolidated financial statements.	Audit Committee approved the review result of Q1 2024 financial statements, and no follow-up is required.
August 7, 2024 Audit Committee	Independent Director Chen Chih-Cheng Independent Director Pan Yong-Shan Independent Director Tu Chin-Hsiang Independent Director Liu Hsin-Hung Hsu Kai-Ning, CPA of Deloitte Taiwan Huang Pao-Yu, Senior Manager of Deloitte Taiwan	Discussion and communication about Q2 2024 consolidated financial statements.	Audit Committee approved the review result of Q2 2024 financial statements, and no follow-up is required.
November 7, 2024 Audit Committee meeting	Independent Director Chen Chih-Cheng Independent Director Pan Yong-Shan Independent Director Tu Chin-Hsiang Independent Director Liu Hsin-Hung Hsu Kai-Ning, CPA of Deloitte Taiwan Chang, Tsu-Yuan, CPA of Deloitte Taiwan Chang, Yen-Ting, Manager of Deloitte Taiwan	Discussion and communication about Q3 2024 consolidated financial statements.	Audit Committee approved the review result of Q3 2024 financial statements, and no follow-up is required.
		The Company replaced the CPAs due to the internal job rotation of the CPA Firm.	No objection raised by the Audit Committee.
Audit Committee on December 25, 2024	Independent Director Chen Chih-Cheng Independent Director Pan Yong-Shan Independent Director Tu Chin-Hsiang Independent Director Liu Hsin-Hung Hsu Kai-Ning, CPA of Deloitte Taiwan Huang Pao-Yu, Senior Manager of Deloitte Taiwan	2024 audit strategies, key audit matters scheduled to be communicated for 2024 financial statements, and report on AQIs.	Audit Committee approved the 2024 audit strategies and key audit matters.

(III) Corporate governance status, and deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof.

Evaluation items	Actual governance			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
I. Does the Company establish and disclose its corporate governance best practice principles based on “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has adopted its own Corporate Governance Best Practice Principles. The exercise of powers by the Company's directors and independent directors, and the internal controls, adhere to the spirit of the Principles and are also governed by the Principles.	No material deviation was found.

Evaluation items	Actual governance			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
II. Equity structure and shareholders' equity of the Company (I) Does the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters, and have the procedures implemented accordingly? (II) Does the Company possess the list of the Company's major shareholders of ultimate controllers, and the list of the ultimate controllers of the major shareholders? (III) Does the Company establish and implement the risk control and firewall mechanism with its affiliated companies?	✓ ✓ ✓		The Company has appointed the spokesperson and deputy spokesperson, and disclosed the spokesperson's phone number on the MOPS as the channel dedicated to dealing with shareholders' suggestions, questions and dispute, in order to ensure the shareholders' equity. The Company's routine shareholders service is contracted to the professional shareholders service agent. Meanwhile, the Company also assigns dedicated personnel to take charge of relevant affairs, and retains at all times a register of the major shareholders having controlling power over the Company and the persons with ultimate control over those major shareholders. The Company and the affiliated companies engaged in transactions with the Company all expressly define the price conditions and payment method in a fair and reasonable manner. Meanwhile, the Company has adopted the "Rules Governing Financial and Business Matters Between Affiliated Companies, Specific Companies and Group Companies" to govern the transactions with its affiliated companies. Therefore, it	No material deviation was found.

Evaluation items	Actual governance			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
(IV) Does the Company adopt internal rules prohibiting the Company's insiders from trading securities using information not disclosed to the market?	✓		should be able to achieve the risk controls effectively. The Company has adopted its "Procedures for Handling Material Inside Information and Insider Trading Prevention Management" in order to prohibit the Company's insiders from engaging in trading securities with the information yet disclosed to the market.	
III. Composition and responsibilities of the Board of Directors (I) Does the Board of Directors have a diversity policy and management goals that are duly enforced?	✓		Article 20 of the Company's "Corporate Governance Best Practice Principles" expressly states that the composition of the Board of Directors shall be determined by taking diversity into consideration. The directors who hold the position as the Company's managers shall be no more than one-third of all of the	No material deviation was found.

Evaluation items	Actual governance			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			directors,	
(II) Does the Company, in addition to setting up the Remuneration Committee and Audit Committee lawfully, have other functional committees set up voluntarily?	✓		and an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards: I. Basic requirements and values: Gender, age, nationality, and culture, and female directors preferably accounting for one-third of the whole directors. II. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience. For the Company's Board diversity policy, specific management goals and status of enforcement thereof, please refer to Pages 11–14 hereof.	
(III) Does the Company establish a set of policies and assessment methods to evaluate the Board's performance, conduct the	✓		The Company has set up the Remuneration Committee and Audit Committee, which are both operating pursuant to related laws and regulations. It will set up	

Evaluation items	Actual governance			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
performance evaluation regularly at least on an annual basis, and submit the results of performance assessments to the Board of Directors and use them as reference in determining remuneration for individual directors, and their nomination for additional office term?			other functional committees, subject to the Company's overview of operation and related laws and regulations. The Company's latest Board of Directors meeting amended the "Regulations Governing the Board of Directors' Performance Evaluation" on August 7, 2020. The Company conducted the internal performance evaluation on the Board of Directors and distributed the self-performance evaluation questionnaire to the whole Board members at the end of February 2025. The scope of evaluation covers performance of the Board as a whole, the individual directors and functional committees. The Board of Directors' performance evaluation indicators shall cover the following five major aspects: 1. Participation in the Company's operation; 2. Improvement of Board of Directors' decision-making quality; 3. Composition and structure of the Board; 4. Election and continuing education of directors; 5. Internal controls. The Board members' self-performance evaluation indicators shall cover the following major aspects:	

Evaluation items	Actual governance			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			1. Alignment with the goals and mission of the Company; 2. Knowledge of directors' duties; 3. Participation in the Company's operation; 4. Management of internal relationship and communication; 5. Professionalism and continuing education of directors; 6. Internal controls. The Audit Committee's and Remuneration Committee's self-performance evaluation indicators shall cover the following major aspects: 1. Participation in the Company's operation; 2. Knowledge of the duties of the functional committee. 3. Improvement of the functional committee's decision-making quality. 4. Composition of the functional committee, and election and appointment of the committee members. 5. Internal controls. The evaluation is conducted by Finance and Accounting Department through internal questionnaire. Based on the four major indicators, i.e. functionality of the Board of Directors, directors' engagement, functionality of the Remuneration Committee and	

Evaluation items	Actual governance			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			functional of the Audit Committee, the parliamentary unit conducts the evaluation on the functionality of the Board of Directors, directors conduct the self-evaluation on their engagement, and the parliamentary unit conducts the evaluation on the functionality of the Remuneration Committee and Audit Committee. Said performance appraisal will be taken into consideration when the Company is electing or nominating independent directors. The directors' and functional committee members' performance evaluation result will serve as the reference for determination of the remuneration to individual directors. After recalling the questionnaire at the end of February each year, the Company's Finance and Accounting Department will conduct the analysis according to said Regulations, report the result to the Board of Directors and also propose the approach to make improvement per the suggestions provided by directors. The Company completed the performance evaluation on the Board of Directors, Board members, Remuneration Committee and Audit Committee in February 2025, and report the evaluation result at the Board of Directors meeting on March 6, 2025. The evaluation results for this year showed that "the Board of Directors, Audit Committee and Remuneration Committee could be considered operating effectively."	

Evaluation items	Actual governance			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
(IV) Does the Company have the independence of the external auditors evaluated regularly?	✓		The Company's Audit Committee assesses the independence and competency of the external auditors each year, and demands that the external auditors should provide "Statement of Independence" and "AQIs", and also conduct the assessment in accordance with the "CPA Independence and Performance Assessment Form" in the Company's "Regulations Governing Assessment on Independence and Competence of External Auditors" and 13 AQIs. Upon confirmation, it was found that, except the fees for certification and taxation affairs, the CPAs had no financial interests or business relationship with the Company. The CPAs' family members were also found free from any violations of the independence requirements. Meanwhile, in reference to the AQI indicators, CPAs and their firms were also confirmed to outperform the average level among the peers in the same trade in terms of the experience in audit and training hours, and also continued to implement the digital audit tools to provide the audit quality. The assessment results for the most recent one year have been discussed and approved by the Audit Committee	

Evaluation items	Actual governance			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof																				
	Yes	No	Summary																					
			on March 6, 2025 and reported to the Board of Directors on March 6, 2025 for resolution on the assessment on independence and competence of the CPAs. The specific indicators for the “CPA Independence and Performance Assessment Form” are stated as follows: <table border="1"> <thead> <tr> <th>Item</th><th>Specific indicators</th><th>Yes</th><th>No</th><th>Compliance with the independence requirements or not</th></tr> </thead> <tbody> <tr> <td colspan="5">Independence indicators (according to Article 47 of the Certified Public Accountant Act - CPAs may not undertake the certification of financial reports):</td></tr> <tr> <td>1</td><td>Whether the evaluated party is currently employed by the client or audited entity to perform routine work for which he or she receives a fixed salary, or currently serves as a director thereof.</td><td>No</td><td></td><td>Yes</td></tr> <tr> <td>2</td><td>Whether the evaluated party has previously served for the client or audited entity as a director, managerial officer, or an employee with material influence over the audited case, and has been separated from the position for less than two years.</td><td>No</td><td></td><td>Yes</td></tr> </tbody> </table>	Item	Specific indicators	Yes	No	Compliance with the independence requirements or not	Independence indicators (according to Article 47 of the Certified Public Accountant Act - CPAs may not undertake the certification of financial reports):					1	Whether the evaluated party is currently employed by the client or audited entity to perform routine work for which he or she receives a fixed salary, or currently serves as a director thereof.	No		Yes	2	Whether the evaluated party has previously served for the client or audited entity as a director, managerial officer, or an employee with material influence over the audited case, and has been separated from the position for less than two years.	No		Yes	
Item	Specific indicators	Yes	No	Compliance with the independence requirements or not																				
Independence indicators (according to Article 47 of the Certified Public Accountant Act - CPAs may not undertake the certification of financial reports):																								
1	Whether the evaluated party is currently employed by the client or audited entity to perform routine work for which he or she receives a fixed salary, or currently serves as a director thereof.	No		Yes																				
2	Whether the evaluated party has previously served for the client or audited entity as a director, managerial officer, or an employee with material influence over the audited case, and has been separated from the position for less than two years.	No		Yes																				

Evaluation items	Actual governance					Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof	
	Yes	No	Summary				
			Item	Specific indicators	Yes	No	Compliance with the independence requirements or not
			3	Whether the evaluated party is the spouse, lineal relative by blood, lineal relative by marriage, or collateral relative within the second degree of kinship by blood of the Company's responsible person or managers.	No		Yes
			Independence indicators (according to Article 47 of the Certified Public Accountant Act - CPAs may not undertake the certification of financial reports):				
			4	Whether the evaluated party, or the spouse or a minor child thereof, has invested in the client or audited entity, or shares in financial gains therewith.	No		Yes
			5	Whether the evaluated party, or the spouse or a minor child thereof, has lent or borrowed funds to or from the client or audited entity.	No		Yes
			6	Whether the evaluated party provides management consulting or other non-attestation services that affect his or her independence.	No		Yes

Evaluation items	Actual governance						Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof	
	Yes	No	Summary					
			7	Whether the evaluated party fails to comply with regulations, as prescribed by the competent authority, governing CPA rotation, handling accounting matters on behalf of clients, or other matters that affect his or her independence.	No		Yes	
IV. Does the Company assign the adequate number of competent corporate governance officers, and appoint the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, provision to directors/supervisors the information needed by them to perform their duties, assistance to directors/supervisors in compliance, organization of the Board of Directors meetings and shareholders' meetings, and preparation of the Board meeting and shareholders' meeting minutes, etc.)?	✓		The Company appoints the Finance and Accounting Department to serve as the corporate governance unit concurrently to promote the corporate governance systems and propose the suggestions on improvement, including corporate governance framework, code of conduct, Board of Directors, Audit Committee, Remuneration Committee, internal control & risk management, and continuing operation management. The proposal for appointment of the Financial and Accounting Assistant Vice President to hold the position as the chief corporate governance officer concurrently was resolved and approved by the Board of Directors on March 16, 2023. The appointment became effective as of April 1, 2023.					No material deviation was found.

Evaluation items	Actual governance			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
V. Does the Company provide proper communication channels and create a stakeholder section on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	✓		The Company has appointed the spokesperson and deputy spokesperson as the channel of communication with stakeholders. The Company's website also provides the stakeholders section. Should any stakeholder have questions or opinions, the stakeholder may communicate via the department dealing with it.	No material deviation was found.
VI. Does the Company engage a shareholders service agency to handle shareholders' meeting affairs?	✓		The Company has appointed the professional shareholders service agency to handle the routine shareholders service on behalf of the Company.	No material deviation was found.
VII. Information disclosure (I) Does the Company set up a website to disclose the Company's business, finance and corporate governance information?	✓		The Company has set up the investors section where shareholders and investors may access the information about the Company's finance, business and corporate. http://www.yuenchang.com.tw	No material deviation was found.
(II) Does the Company have adopted other information disclosure methods (e.g., establishing an English website, designating dedicated persons for collecting and disclosing information of the Company, practicing the spokesman system, posting the investor conference on the Company's	✓		The Company appoints dedicated personnel to disclose the Company's material information, enters the information to the MOPS and the Company's website in a timely manner, and also implements the spokesperson system as required.	

Evaluation items	Actual governance			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
website, etc.)? (III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified deadline?		✓	The Company publishes and reports its annual financial report within specific time limit prescribed by the Securities and Exchange Act, and also publishes and reports its financial reports for the first, second and third quarters as well as its operating status for each month before specified deadline. The Company will publish and report its annual financial reports within two months at the end of a fiscal year, subject to its overview of operation and related laws and regulations.	
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and insuring against liabilities of company directors and supervisors)?	✓		1. For employee right and employee care: The Company has complied with the Labor Standards Act. Meanwhile, the Company also provides employees with a healthy, safe and humane working environment, arranges the health checkup for employees regularly, establishes the Employee Welfare Committee, and convenes regular labor-management meetings to protect employees' rights. 2. Investor relations: The Company values investors'	No material deviation was found.

Evaluation items	Actual governance			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			interest and right, and publishes related information timely on the MOPS designated by the competent authority pursuant to relevant requirements. The Company also appoints the spokesperson, deputy spokesperson, and contact person for investors relations to answer any questions about the Company raised by investors from time to time. 3. Supplier relations: The Company always maintains the fair supply relationship with suppliers. Over the past years, various suppliers' quality and delivery schedule were considered normal, and no problem about shortage or interruption of supplies arose. 4. Stakeholders' interests: The Company and stakeholders all exercise rights and perform obligations per contract and related operating requirements, in order to protect both parties' interests and rights. 5. Continuing education of directors: The Company's directors and independent directors all have professional backgrounds and practical experience in	

Evaluation items	Actual governance			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			operation and management. Meanwhile, they would attend the continuing education program about corporate governance regularly, and satisfy the requirements on continuing education hours. 6. Implementation of risk management policies and risk measurements: The Company's internal control system and material business management regulations have been resolved by the Board of Directors or shareholders' meetings. 7. Implementation of customer policy: The Company follows the Ethical Management Best Practice Principles and maintain the fair supply relationship with customers. The Company designates personnel to continue communicating with customers and solving problems with respect to the timely delivery of customers' orders, quality requirements and after-sale. 8. Insuring against liabilities of the Company's directors and supervisors: The Company has renewed the liability insurance for each director on	

Evaluation items	Actual governance			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			March 6, 2025, and submitted the report to the Board of Directors meeting on March 6, 2025. The insurance policy is stated as follows: (1) Insurance period: March 15, 2025 to March 15, 2026. (2) Coverage: Directors' and managers' liability, the Company's compensation liability, coverage of investigation and defense expenses, the Company's compensation liability toward securities, and the Company's compensation liability toward employment. (3) Insured value: US\$1 million.	

IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by the TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified:

(I) The Company ranked 66%~80% in the 11th Corporate Governance Evaluation.

(II) The improvement of the Company's unscored items in the 11th Corporate Governance Evaluation (the year of evaluation: 2024) is stated as follows:

Type of indicator	Contents of indicator	Scores	Improved?	Explanation about pending improvement
Preservation of shareholders' interest and fair treatment of shareholders	1.6 Does the Company convene the annual general meeting by the end of May?	0		The Company convenes the 2025 annual general meeting by the end of May
Preservation of shareholders' interest and fair treatment of shareholders	1.18 Does the Company record the important contents of shareholders' questions and the Company's responses in the annual general meeting minutes?	0		The Company will record the important contents of shareholders' questions and the Company's responses in the 2025 annual general meeting minutes.
Preservation of shareholders' interest and fair treatment of shareholders	1.19 Are the shareholders' meetings of the Company broadcast live online or are the uninterrupted audio and video recordings of the whole process uploaded after the shareholders' meeting?	0		The Company will decide subject to the actual need.
Enhanced structure and operation of the Board of Directors.	2.3 Are the Company's Chairman and the president or other equivalents (the highest management) different persons, or spouses, or relatives within 1st degree of kinship with each other?	0		The Company will decide subject to the actual need.
Enhanced structure and operation of the Board of Directors.	2.4 Does some spousal relationship or a familial relationship within the second degree of kinship exist among more than two directors of the Company?	0		The Company has not yet found competent candidates for director.
Enhanced structure and operation of the Board of Directors.	2.9 Does the Company set forth the Board member and key management successor cultivation planning, and disclose how the planning works on the Company's website or on the Company's annual report?	0		The Company will decide subject to the actual need.
Enhanced structure and operation of the Board of Directors.	2.14 Does the Company establish any functional committee other than those required by laws, such as Nomination Committee, Risk Management Committee or Sustainable Development Committee, which shall consist of no less than three members, including the independent directors who shall account for a majority of the functional committee members, and at least one of them who shall have the professional ability required by the committee? If it does, please disclose the composition, responsibilities and functionality of such functional committee.	0		The Company will decide subject to the actual need.
Enhanced structure and operation of the Board of Directors.	2.22 Whether the Company has an audit committee or functional committee at the board level (e.g., the Risk Management Committee) to supervise risk management, has the risk management policies and procedures approved by the Board of Directors, and disclose the risk management organizational structure, risk management procedures and operations thereof and report them to the Board of Directors at least once a year?	0		The Company will decide subject to the actual need.
Enhanced structure and operation of the Board of Directors.	2.23 Are the Regulations Governing the Board of Directors' Performance Evaluation set forth by the Company approved by a Board meeting and do the Regulations expressly that an external audit should be conducted at least once per three years? Does the Company do so in the assessment year or within the most recent two years and disclose the execution status and evaluation results on its website or in its annual report?	0		The Company will decide subject to the actual need.

Type of indicator	Contents of indicator	Scores	Improved?	Explanation about pending improvement
Enhanced structure and operation of the Board of Directors.	2.27 Does the Company set the IP management plan structured with the business objectives, and disclose the status in implementation of the plan on the Company's website or in its annual report, and report the same to the Board of Directors at least once per year? [If the Company implements certification by the Taiwan Intellectual Property Management System (TIPS), ISO56005 or any similar intellectual property management system, and is certified by a third party, one additional score may be added to the total scores.]	0		The Company will decide subject to the actual need.
Enhanced structure and operation of the Board of Directors.	2.30 Does at least one of the Company's internal auditors have the certificate/license of International Internal Auditor, International Computer Auditor or CPA?	0		The Company will decide subject to the actual need.
Improvement of Information Transparency	3.4 Does the Company publish its annual financial report audited and certified by CPAs within two months at the end of a fiscal year?	0		The Company will decide subject to the actual need.
Improvement of Information Transparency	3.6 Does the Company disclose the interim financial statements in English within two months after the due date for publication and reporting of the interim financial statements in Chinese?	0		The Company will decide subject to the actual need.
Improvement of Information Transparency	3.13 Does the Company's annual report disclose the compensation to individual directors and supervisors voluntarily?	0	Yes	Already disclosed in the 2024 annual report.
Improvement of Information Transparency	3.18 Does the Company set up an English website to disclose the Company's business, finance and corporate governance information?	0		The English website is under construction.
Improvement of Information Transparency	3.20 Is the Company invited to convene (or convenes voluntarily) at least two institutional investor conferences, with disclosure of at least two complete video/audio links of the conferences, and the interval between the two institutional investor conferences convened at the beginning and end of the evaluated year is more than three months? [If the institutional investor conference is convened at least once per quarter or with respect to the quarterly overview of operation, one additional score may be added to the total scores.]	0		The Company has been invited to convene an institutional investor conference in 2024. It will decide whether to convene the conference subject to actual needs.
Improvement of Information Transparency	3.21 Does the Company's annual report disclose the compensation to individual General Manager and Vice General Manager voluntarily?	0	Yes	Already disclosed in the 2024 annual report.
Promotion of sustainable development	4.4 Does the Company prepare and upload to the MOPS and the Company's website the ESG report according to the GRI Standards? [If the sustainability report discloses the related ESG information in reference to SASB, one additional score may be added to the total scores]	0		The Company will decide subject to the actual need.
Promotion of sustainable development	4.5 Is the ESG report prepared by the Company certified by a third party?	0		The Company will decide subject to the actual need.
Promotion of sustainable development	4.7 Does the Company upload to the MOPS and the Company's website the English ESG report?	0		The Company will decide subject to the actual need.

Type of indicator	Contents of indicator	Scores	Improved?	Explanation about pending improvement
Promotion of sustainable development	4.12 Does the Company adopt the policies aiming at reducing water consumption or other wastes, including reduction target, promotion measures and achievement status?	0		The Company will decide subject to the actual need.
Promotion of sustainable development	4.14 Does the Company disclose the identified stakeholders' identity, concerned issues, communication channels and responses on the Company's website? [If the report on communication with each stakeholder is submitted to the Board of Directors regularly, one additional score may be added to the total scores.]	0		The Company will decide subject to the actual need.
Promotion of sustainable development	4.17 Does the Company's website, annual report or ESG report disclose any specific supplier management policy adopted by the Company, which demands that the suppliers should comply with the related regulations governing environmental protection, occupational safety and health or laborers' human rights, and how the policy is implemented?	0		The Company will decide subject to the actual need.
Promotion of sustainable development	4.18 Does the Company disclose the information about its governance, strategy, risk management, indicators and targets of the risk and opportunities related to climate according to the Task Force on Climate-Related Financial Disclosures (TCFD) framework?	0		The Company will decide subject to the actual need.
Promotion of sustainable development	4.19 Does the Company invest in energy-saving or green energy-related environmental protection and sustainable machine and equipment, or in Taiwan's green energy industry (e.g., renewable energy power plants), or in the issuance of or investment of its funds for green or social benefit investment projects and sustainable development financial instruments with substantial benefits, and disclose their investment status and specific benefits?	0		The Company will decide subject to the actual need.
Promotion of sustainable development	4.22 Does the Company allocate resources to support the development of domestic culture, and disclose the support methods and results on the Company's website and in the annual report or sustainability report?	0		The Company will decide subject to the actual need.
Promotion of sustainable development	4.23 Did the company disclose its policy on the connection between senior managerial officer remuneration and ESG-related performance assessment?	0		The Company will decide subject to the actual need.
Promotion of sustainable development	4.24 Was the sustainability report prepared by the company submitted to and passed by the board of directors?	0		The Company will complete the execution by the end of August 2025.
Promotion of sustainable development	4.26 Did the company set management policies for reduction of greenhouse gas (GHG) emissions, including reduction targets, promotion measures, and achievement status?	0	Yes	Already disclosed in the 2024 annual report.
Bonus questions	Does the Company present excellent performance in the field of corporate governance, or have already achieved specific effect in promotion of corporate governance?	No extra scores.		The Company will decide subject to the actual need.

(IV) Disclose the composition, responsibilities and functionality of the Remuneration Committee, if available

According to Paragraph 1 of Article 14-6 of the Securities and Exchange Act and “Regulations on the Establishment of Remuneration Committees by TWSE/TPEX Listed Companies and their Exercise of Powers,” the Company passed the adoption of the “Articles of Association for the Remuneration Committee” at the 1st meeting of the 1st Board of Directors in 2015 on January 9, 2015.

The Remuneration Committee's responsibilities primarily include adoption of the Chairman's and managers' performance evaluation policy, review on their performance, and adoption and periodic review on the remuneration to directors and managers, and the structure and system thereof.

1. Information about the Remuneration Committee members:
Information about the Remuneration Committee Members

Identity	Name	Professional qualifications and experience	Independence status	Number of other companies where the member is also a member of their remuneration committees
	Conditions			
Independent director (Convener)	Tu Chin-Hsiang	Note 1	Note 1	0
Independent director	Pan Yung-Shan	Note 1	Note 1	0
Independent director	Chen Chih-Cheng	Note 1	Note 1	2

Note 1: Please refer to the information about directors on Pages 11–14 hereof.

2. Information about the functionality of the Company's “Remuneration Committee”:
- (1) The Company's Remuneration Committee consists of three members.
 - (2) Term of office: From June 9, 2023 to June 8, 2026. The Remuneration Committee convened 2 meetings in 2024. The members' attendance at the meetings is stated as follows:

Job Title	Name	Frequency of actual attendance	Frequency of proxy attendance	Actual attendance (%)	Remark
Member	Pan Yung-Shan	2	-	100%	Re-elected (Note 1)
Convener	Tu Chin-Hsiang	2	-	100%	Newly elected (Note 1)
Member	Chen Chih-Cheng	2	-	100%	Newly elected (Note 1)

Note 1: Pan Yung-Shan, Tu Chin-Hsiang and Chen Chih-Cheng were elected as the Company's independent directors at the annual general meeting on June 9, 2023, and became the Remuneration Committee members.

Remuneration Committee	Contents of Motion	Resolution	How the Company Has Responded to Remuneration Committee's Opinions
1st meeting of 4th Committee in 2024 March 8, 2024	1. 2023 year-end bonus to managers.	Approved by the whole Committee members unanimously.	Submitted to the Board of Directors and approved by all present directors unanimously.
2nd meeting of 4th Committee in 2024 August 7, 2024	1. To review the salary and remuneration to directors and managers periodically.	Approved by the whole Committee members unanimously.	Submitted to the Board of Directors and approved by all present directors unanimously.

Other remarks:

- I. Should the Board of Directors reject or modify the suggestions from the Remuneration Committee, state the date, session, contents of the motions, resolution made by Board meeting and results thereof, and how the Company has responded to Remuneration Committee's opinions (describe the differences and reasons, if any, should the Board of Directors approve a solution that was more favorable than the one proposed by the Remuneration Committee):
None.
- II. Should any resolution(s) by the Remuneration Committee be passed but with members voicing opposing or qualified opinions on the record or in writing, please describe the date and session of the meeting, contents of the motion, the entirety of members' opinions, and how their opinions are addressed: None.

(V) Implementation status of sustainable development practices, and variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance

Promotional items	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof
	Yes	No	Summary	
I. Does the Company implement a governance body that supports sustainable development, and designated a unit that specializes (or is involved) in the promotion of sustainable development? Is the unit empowered by the Board of Directors and run by senior management, and how does the Board supervise progress?	✓		1. The Company established the “Ethical Management and Social Responsibility Committee” in 2015 and renamed it as the “Sustainable Development Committee” in 2023. The Committee is responsible for formulating the corporate sustainability strategies and visions, in order to promote the corporate social responsibility operations and management. 2. The General Manager holds the position as the Chairman of the Committee. The Committee consists of the corporate governance team, sustainable environment team, social welfare team and ethical management team. 3. The Committee convenes at least one meeting per year, in order to review the implementation status in the previous year prepare the specific promotion plan for the current year and report to the Board of Directors regularly. The status in 2023 and 2024 was submitted to the 1st meeting of 4th Board of Directors on March 8, 2024 and the 1st board meeting in 2025 on March 6, 2025. 4. The Board of Directors urges the management team to make adjustment whenever it is necessary. The Committee shall listen to the Board of Directors’ opinion, in order to strengthen the adjustment items.	No material deviation was found.

Promotional items	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof									
	Yes	No	Summary										
II. Does the Company, in accordance with the materiality principle, conduct risk assessments on environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy?	✓		The disclosed data cover the major locations’ sustainable development performance from January 2024 to December 2024. The risk assessment border shall be subject to the Company's locations in Taiwan. The Company has, in accordance with the materiality principle for corporate social responsibility, conducted risk assessments on environmental, social, and corporate governance issues pertaining to company operations and established the following relevant risk management policy or strategy upon the risk assessment: <table> <tr> <th>Material issue</th> <th>Risk assessment items</th> <th>Risk management policy or strategy</th> </tr> <tr> <td>Environment</td> <td>Environmental protection</td> <td>The Company uses the best effort to implement environmental protection. By executing the ISO 14001 environmental management and continuing replacement with energy-conservation equipment, the Company mitigates the pollution and power consumption and improves reuse and recycling of waste effectively. The Company also installs solar panels throughout the factory premises to mitigate carbon emission and achieve the energy conservation effect by lowering the room temperature at the factory premises. The Company also adopts and executes plans and programs per ISO 14001, and regularly follows up the progress and achievement of various goals.</td> </tr> <tr> <td>Society</td> <td>Product safety</td> <td>All of the Company's products comply with the RoHS. Meanwhile, by executing the ISO</td> </tr> </table>	Material issue	Risk assessment items	Risk management policy or strategy	Environment	Environmental protection	The Company uses the best effort to implement environmental protection. By executing the ISO 14001 environmental management and continuing replacement with energy-conservation equipment, the Company mitigates the pollution and power consumption and improves reuse and recycling of waste effectively. The Company also installs solar panels throughout the factory premises to mitigate carbon emission and achieve the energy conservation effect by lowering the room temperature at the factory premises. The Company also adopts and executes plans and programs per ISO 14001, and regularly follows up the progress and achievement of various goals.	Society	Product safety	All of the Company's products comply with the RoHS. Meanwhile, by executing the ISO	No material deviation was found.
Material issue	Risk assessment items	Risk management policy or strategy											
Environment	Environmental protection	The Company uses the best effort to implement environmental protection. By executing the ISO 14001 environmental management and continuing replacement with energy-conservation equipment, the Company mitigates the pollution and power consumption and improves reuse and recycling of waste effectively. The Company also installs solar panels throughout the factory premises to mitigate carbon emission and achieve the energy conservation effect by lowering the room temperature at the factory premises. The Company also adopts and executes plans and programs per ISO 14001, and regularly follows up the progress and achievement of various goals.											
Society	Product safety	All of the Company's products comply with the RoHS. Meanwhile, by executing the ISO											

Promotional items	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof
	Yes	No	Summary	
				9001 quality management system, the Company may provide customers with the product and quality without the safety concern. The Company also conducts the customers' quality and service satisfaction survey, strengthen the cooperative relationship with customers, and continue to provide fine-quality services as the basis for corporate sustainable development.
			Corporate Governance	By establishing the corporate governance organizational framework, the Company has its overall operating activities execute the internal control system strictly. Meanwhile, the Company reviews the same regularly in order to deal with the changes in internal and external environment, ensure that all of the Company's personnel and operations keep functioning effectively, and strictly comply with the Articles of Incorporation and related laws & regulations.
				Strengthen the powers of the Board of Directors 1. Plan related continuing education issues for directors and provide directors with the latest laws & regulations and system development and policies each year. 2. Maintain the liability insurance for directors to protect them from litigation or monetary claims.

Promotional items	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof
	Yes	No	Summary	
III. Environmental issues				
(I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	✓		The Company's factory premises establish the environmental management system and continue to pass a third party's certification in accordance with the ISO 14001. The Company also plans to complete the 2024 GHG accounting in accordance with ISO 14064-1 in 2025. The Company has not suffered any material environmental pollution incidents in the latest five years. This can reflect the result generated by the Company's efforts in the environmental management.	No material deviation was found.
(II) Does the Company endeavor to utilize all resources more efficiently, and use renewable materials which have a low impact on the environment?	✓		1. The continuous operation of the solar panels on the roof of Building A-E of Dafa Plant generates 2.033 million kWh of power per year, which can reduce about 1,004 metric tons carbon emissions. 2. The energy-conservation and variable-frequency equipment is chosen as the first priority if the equipment at the factory premises should be replaced. 3. The Headquarters and factories of the Company all adopted LED lamps. 4. The Company's packaging materials are made of the waste upon classification, recycling and reuse of waste (e.g., lining paper/angle bead/ paper tubes) through internal management procedures, in order to mitigate waste of natural resources and also the impact to the environment. 5. The traditional blue tempered steel strap is changed to PET plastic	No material deviation was found.

Promotional items	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof												
	Yes	No	Summary													
(III) Does the Company assess the current and future potential risks and opportunities that climate change may present to enterprises and adopt the responsive measures against climate-related issues?	✓		steel packing. Please refer to Pages 46~51 for details.	No material deviation was found.												
(IV) Does the Company maintain statistics on GHG emission, water consumption, and total waste volume in the last two years, and adopt the policies aimed at conserving energy, and reducing carbon, GHG emission, water consumption or other wastes?		✓	1. The Company completed the 2024 greenhouse gas inventory in accordance with ISO 14064-1 in 2025. 2. The Company has not yet adopted the policies aiming at reduction of GHG emission, water consumption or other wastes. <table><tr><td>Item</td><td>2023</td><td>2024</td></tr><tr><td>GHG</td><td>182,987.2542</td><td>501,850.858</td></tr><tr><td>Water consumption</td><td>12,566 cubic meters</td><td>13,287 cubic meters</td></tr><tr><td>Gross weight of waste</td><td>14 tons of domestic waste, 11.21 tons of wood scraps, 1.4 tons of waste lubricant</td><td>Domestic waste about 22 tons Waste wood about 0 tons Waste lubricants about 1.33 tons</td></tr></table>	Item	2023	2024	GHG	182,987.2542	501,850.858	Water consumption	12,566 cubic meters	13,287 cubic meters	Gross weight of waste	14 tons of domestic waste, 11.21 tons of wood scraps, 1.4 tons of waste lubricant	Domestic waste about 22 tons Waste wood about 0 tons Waste lubricants about 1.33 tons	No sufficient internal and external information is available.
Item	2023	2024														
GHG	182,987.2542	501,850.858														
Water consumption	12,566 cubic meters	13,287 cubic meters														
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Promotional items	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof
	Yes	No	Summary	
IV. Social issues (I) Does the Company develop its policies and procedures in accordance with laws and International Bill of Human Rights?	✓		1. In order to fulfill the corporate social responsibility and to protect the basic human rights of all colleagues, customers and stakeholders, the Company formulated its own “Human Right Policy” in accordance with the principles disclosed by the international human right conventions including the “Universal Declaration of Human Rights,” “United Nations Global Compact” and “International Labour Convention” on November 6, 2018. Meanwhile, the Company strictly complies with the local labor laws and regulations. 2. Meanwhile, the Company has adopted its “Work Rules.” The labor-management right and obligation both satisfy the labor laws and regulations, and recorded by the department of labor, in order to protect employees’ interests and rights and to promote the amicable labor-management relationship.	No material deviation was found.
(II) Does the Company adopt and implement reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.), and reflect the operating performance or results to the remuneration to employees adequately?	✓		1. Employee Benefit Plans: (1) Bonus: Year-end bonus, remuneration to employees, production bonus, sales bonus and business bonus. (2) Gift money: Gift money for wedding, gift money for childbirth, gift money for birthday, gift money for three major festivals, gift money for service seniority, consolation money for hospitalization, and consolation money for funeral. (3) Catering services: Employees may use rice steamers, microwave ovens, electric cookers and coffee machine provided by the Company.	

Promotional items	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof
	Yes	No	Summary	
			The Company also provides desserts and snacks at teatime each month. Employees are granted the allowance for staff party, as the Company wishes to enhance the exchange among colleagues. (4) Day care center and breastfeeding room: The Company executes the contract with the kindergarten to provide employees with preferential measures if they send their children to the kindergarten. A heartwarming breastfeeding room is also made available to employees who need to breastfeed children. (5) Subsidies: The Company provides disaster subsidies. Employees are granted subsidies for natural disaster. Meanwhile, the continuing education subsidies are granted in order to encourage to attend continuing education. (6) Healthcare: In addition to labor and national health insurance programs, the Company maintains the employee group medical and accident insurance programs additionally, in order to protect employees. The Company implements employee health checkup, provides on-site healthcare professionals' services every year, conducts health checkup analysis and management, prevention of occupational diseases and health promotion. (7) Leisure category: The Company will organize local and overseas tours and one-day tours from time to time, in order to have employees feel relaxed physically and mentally. 2. Leave: The Company implements the sound leave system in	

Promotional items	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof
	Yes	No	Summary	
			accordance with labor laws and regulations, and includes it into its “Work Rules” communicated to all colleagues, which will be amended in response to update on the laws and regulations, if any. 3. Workplace diversity and equality: (1) The Company implements the equal pay equal work reward conditions and equal promotion opportunity. By upholding the principle that the job is suitable for the right person, the Company approves that female employees also have the opportunity for promotion to be executive officers. In 2024, the female employees accounted for 36.9% of the whole employees, and 49.2% of the middle management and above. (2) The Company provides the leave without pay for childcare. Employees can apply for it if necessary. In 2024, four employee applied for the leave without pay for childcare, and the reinstatement rate after the leave without pay for childcare was 75%. 4. Employee remuneration policy: (1) In order to attract and retain talents, and have employees to share operating results with the Company, the Company provides competitive salary and rewards to attract and retain talents. The main philosophy upheld by the Company is to determine the salary subject to the job position. The rewards are decided based on the colleagues’ functions and responsibilities, in combination of the business performance of the Company, units and individuals. Meanwhile,	

Promotional items	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof
	Yes	No	Summary	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓		through the salary survey, the Company offers raise subject to the pay level in the market, economic trends and personal performance, in order to maintain the overall competitiveness of salary and rewards. (2) According to the Company's Articles of Incorporation, annual profits concluded by the Company, if any, shall be subject to the remuneration to employees of no less than 2%. 1. The workplace responsible person shall observe workers' operations from time to time, and ask for correction or improvement immediately upon discovery of any unsafe activities or conditions. 2. Portable electric hand tool safety management: place the tools at fixed locations and with fixed capacity. 3. Forklift safety management: check before starting operation 4. Stationary cranes (hoisting load over 3 metric tons): Check before starting operation, monthly regular check, and yearly check. 5. Arrangement for 2024 crane inspection. 6. EHS management personnel shall communicate the labeling, sign and hazard warning messages about hazardous chemicals, in accordance with the "GHS." 7. The contract for "operating environment monitoring" operations was awarded to a monitoring institution. In 2024, the contract was awarded once per six months. The Company also asked workers to wear effective soundproof protective gears, such as earplugs and	

Promotional items	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof
	Yes	No	Summary	
			earmuffs. 8. The purchase contracts for machine, appliances, equipment, materials, raw materials and person protective gears should be held satisfying the Occupational Safety and Health Act, and related standards. 9. Assess the potential risks upon change of the operation, and take adequate measures. Meanwhile, workers shall understand and accept related educational training. 10. Inspect the contractors' safety and health management regulations in accordance with the Occupational Safety and Health Act per year, and make amendments if necessary, in response to the actual operations. 11. Inspect the compliance of various machine units with the safety and health operations from time to time. 12. Inspect whether the operators engage in any unsafe activities or are in an unsafe environment from time to time. 13. Check the fire protection equipment once per month. 14. Check the high-voltage electrical equipment and low-voltage electrical equipment once per month; weekly automatic inspection of machinery; inspect the safety and health operations on the site at least once per day. 15. Implement the general safety and health education for new employees.	

Promotional items	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof
	Yes	No	Summary	
			16. Implement the in-service safety and health training. 17. Trainings assigned to various operators (initial and refresher training). 18. Implement the safety and health training for operational supervisors, occupational safety and health personnel and committees. 19. Purchase of emergency response equipment and protective equipment; regular check, maintain and care the personal protective equipment. 20. New employees' physical examination, and in-service personnel's health checkup once per year. 21. Purchase of first-aid kits and check on the emergency medication on a monthly basis. 22. Implement the labor hygiene awareness campaign in response to the government's policy, e.g., posting posters, comic story and slogans at eye-catching positions, and update them from time to time to promote the safety awareness. 23. Communicate with laborers for their opinions on work, improve work efficiency; collect occupational safety and health messages on related websites; attend the courses organized by labor inspection units. 24. Drills of emergency response measures are implemented: Adopt the related procedures for response to abnormality, incidents and disasters, and implement drills and training.	

Promotional items	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof
	Yes	No	Summary	
			25. Investigate, handle and gather statistics on occupational accidents, false alarms, and incidents affecting physical and mental health every month. 26. Strengthen the implementation of labor hygiene and disaster mitigation campaign in response to the government's policy, and publish the information about the latest labor safety and health policies in a timely manner at eye-catching positions. 27. Supervisors shall communicate the safety awareness and other safety and health promotion matters when staff are gathered for work in the day and swing shifts. 28. The Company is committed to a smoke-free environment and promotion of health at workplace. Meanwhile, the Company has received the Healthy Workplace Certification - Badge of Accredited Healthy Workplace - Health Activation Label and Health Promotion Label. 29. The Company has suffered 3 occupational accidents, involving 3 employees (1.7%the total persons in 2024) in 2024. The Company plans to strengthen the safety protective equipment and education & training program arrangement, in order to ensure colleagues' personal safety in work. 30. The Company has suffered 0 fire accident, involving 0 employee (0% of the total persons in 2024) in 2024. Relevant improvement	

Promotional items	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof										
	Yes	No	Summary											
			measures in response to fire: Not applicable. 31. Identification of fire risks under unfavorable scenarios and key feasible mitigation measures: <table><tr><th>Fire Risk Identification</th><th>Feasible mitigation measures</th></tr><tr><td>Fire incurred by overload of electricity gas/electric panel</td><td>Electricity-leakage circuit breakers, carbon dioxide, dry powder fire extinguishers, and fire alarm switchboard have been installed, so that workers at the factory premises can operate fire extinguishers at the very beginning, or activate emergency response measures (refuge, evacuation and first aid) if it is impossible to extinguish the fire.</td></tr><tr><td>Liner burning caused by overheating of the shearing machine heater.</td><td>The machine is equipped with dry chemical and carbon dioxide fire extinguishers. Personnel can put out the fire at the very beginning, and activate emergency response measures (refuge, evacuation and first aid) if it is impossible to extinguish the fire.</td></tr><tr><td>Fire caused by falling spark during the electric welding operation.</td><td>The electric welding area is equipped with dry powder fire extinguishers. Personnel can put out the fire at the very beginning, and activate emergency response measures (refuge, evacuation and first aid) if it is impossible to extinguish the fire.</td></tr><tr><td>Arson (force majeure)</td><td>Fire alarm receiving system, emergency response measures</td></tr></table>	Fire Risk Identification	Feasible mitigation measures	Fire incurred by overload of electricity gas/electric panel	Electricity-leakage circuit breakers, carbon dioxide, dry powder fire extinguishers, and fire alarm switchboard have been installed, so that workers at the factory premises can operate fire extinguishers at the very beginning, or activate emergency response measures (refuge, evacuation and first aid) if it is impossible to extinguish the fire.	Liner burning caused by overheating of the shearing machine heater.	The machine is equipped with dry chemical and carbon dioxide fire extinguishers. Personnel can put out the fire at the very beginning, and activate emergency response measures (refuge, evacuation and first aid) if it is impossible to extinguish the fire.	Fire caused by falling spark during the electric welding operation.	The electric welding area is equipped with dry powder fire extinguishers. Personnel can put out the fire at the very beginning, and activate emergency response measures (refuge, evacuation and first aid) if it is impossible to extinguish the fire.	Arson (force majeure)	Fire alarm receiving system, emergency response measures	
Fire Risk Identification	Feasible mitigation measures													
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Arson (force majeure)	Fire alarm receiving system, emergency response measures													

Promotional items	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof
	Yes	No	Summary	
			(refuge, evacuation and first aid), self-defense fire protection team, fire extinguishing equipment (dry chemical powder, carbon dioxide fire extinguisher, and fire hydrant). Earthquake Emergency response measures (refuge, evacuation and first aid), qualified first aid personnel, and emergency contact persons. Others Check the fire protection equipment (fire extinguishers, hydrants, emergency power generators and fire pumps) on a monthly basis, organize the fire drills in 1H and 2H of each year, check the heaters and electrical equipment on and off duty, check broadcasting and warning system testing, regularly check high-voltage and low-voltage circuit systems, and send security personnel to conduct the fixed-point inspection at nighttime.	
(IV) Does the Company have an effective career capacity development training program established for employees?	✓		The Company plans complete competency training for managers and colleagues of various level, including orientation training, professional advanced training, and officers' training, etc., to help colleagues continue to learn and grow through diversified learning methods, and implements training courses related to the belief and development of corporate ethics to cultivate the colleagues' key competencies. There were a total of 588 persons attending the career training, for 526.25 hours in total, in 2024.	

Promotional items	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof
	Yes	No	Summary	
(V) Does the Company comply with laws and international standards with respect to customers' health, safety, and privacy, marketing and labeling in all products and services offered, and implement consumer or customer interest protection policies and grievance procedures?	✓		1. The marketing and labeling in all of the Company's products and services comply with the laws of Taiwan and the territories where the products and services are sold, or per customers' request. The Company has adopted its own personal data protection management system and policy to appoint each department manage and protect customers' privacy. Meanwhile, the Company also sets up the information security dedicated unit to protect customers' personal data jointly through the personal data internal audit, prevention of crisis, education & training and awareness promotion. 2. The Company posts the latest news, product information, and Tel. No. and email of persons-in-charge of various business lines on the Company's homepage. Meanwhile, the stakeholder communication channel is also set up, so that all stakeholders may file complaints or seek communication via said channel. Upon receipt of the information provided by the stakeholder, the Company will assign dedicated personnel to confirm or process the case and respond to the stakeholder within specific time limit. 3. The Company didn't violate any laws and regulations with respect to customers' health, safety, and privacy, marketing and labeling in all products and services offered by it in 2024.	
(VI) Does the Company adopt any specific supplier management policy	✓		The Company values the protection of environment and society. Meanwhile, the Company engages in the awareness campaign for external suppliers every year to urge them to act in response to the	

Promotional items	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof
	Yes	No	Summary	
demanding that the suppliers should comply with the related regulations governing environmental protection, occupational safety and health or labors' human rights, and how the policy is implemented?			material environmental survey and perform the environmental evaluation at their factory premises, and also provides the suppliers with the "Supplier Material Environmental Survey Form." According to the government's existing policy, if any domestic supplier engages in activities affecting the environment and society, the supplier shall be fined or ordered to suspend business. Therefore, the Company doesn't include into its contract the terms stipulating that the contract may be terminated or rescinded any time. The agreement and contract executed by the Company with its foreign suppliers are handled in accordance with the local laws and regulations.	
V. Does the Company prepare sustainability report or any report of non-financial information based on international reporting standards or guidelines? Is said report assured or guaranteed by a third party certification unit?		✓	The Company has disclosed the critical and relevant corporate social responsibility information on the Company's website and the MOPS. The Company will prepare the sustainability report subject to the overview of operation or according to related laws and regulations.	The Company expects to prepare the Sustainability Report in 2025.
VI. If the Company has established its own sustainable development policies in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe the current practices and any deviations thereof from such principles: The Company has adopted its own "Sustainable Development Best Practice Principles" and also demanded that all colleagues should comply with, and commit to implement, the Principles.				

Promotional items	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof
	Yes	No	Summary	
VII. Other information useful to the understanding of sustainable practice:				
1. The Company donates the fixed fund to the Foundation of Kaohsiung City Yong-An Children’s Home on a yearly basis (to help children who have suffered family accidents and became alone and helpless for their physical, mental and personality development).				
2. The Company donates fixed fund to Kaohsiung City Public Good Deeds and Charity Association on a yearly basis (to visit and assist the homeless elderly and loners who are not subsidized by any social welfare unit, and establish the public welfare carcass disposal team).				
3. Reading Club for Kids in Rural Areas: The Company's public welfare volunteer team consists of 8 people. On November 30, 2024, 28 people from Wanan Elementary School, Pingtung County, participated in the Company's visit specifically planned. This tour includes a visit to the Company's production factory. The in-depth introduction to the Company's operations has inspired students to have a broader view of future life and career paths. In addition, the Company also arranged a tour of Kaohsiung Harbor with the yacht “Overseas 1” to learn about the history and its operation through professional guides of Kaohsiung Harbor, with a luncheon on board. Finally, the group came to the Eslite bookstore, to experience the diverse reading environment and to purchase books, to feel the joy of reading and learning. This event aims to enrich the children's vision and inspire their enthusiasm for learning through rich learning experiences. They are encouraged to pursue their dreams and self-development.				
4. Teaching enhancing the English proficiency for children in remote villages: From January to April 2024, the Company arranged for one volunteer to provide, in the format of online English lesson from 16:05 to 16:45 every Monday and Friday afternoon, the English tutoring and in-depth reading program to four students of Wan-An Elementary School in remote areas. This program aims to create more learning opportunities for students who are interested in English learning, and further improve their English proficiency, while cultivating interest in reading, in order to bring long-term benefits to the learning and development of students.				
5. A total of 30 street trees in Dafa Industrial Park have been pruned and adopted, so that presence of Dafa Industrial Park became more tidy and beautiful.				

VIII. Climate-related information implementation:						
Item		Implementation status				
1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.		The Board of Directors is the supreme steering body responsible for reviewing and directing the Group's overall climate change strategies, action plans and annual goals. The “Sustainable Development Committee” reports the implementation plans and results to the Board of Directors on an annual basis.				
		In order to effectively manage climate-related risks and opportunities, the chairman of the “Sustainable Development Committee” has appointed a “sustainable environment team” as the dedicated unit engaged in the climate change-related management. The “sustainable development team” conducts rolling reviews on the internal sustainability promotion strategies and policies regularly, while gaining insight into the changes in external environment. When analyzing the Company's sustainability opportunities and risks, feedback may be provided to the Company's risk management level at the same time, and strategies and implementation progress are reported to the “Sustainable Development Committee” on a regular basis.				
2. Describe how the identified climate risks and opportunities affect the business, strategy and finance of the Company (short-, medium-, and long-term).		The scope of impact covers the upstream, internal and downstream, segments and the time of occurrence of each risk is divided into: short-term less than 3 years, medium-term for 3-5 years, and long-term more than 5 years. Please refer to the following table for description.				
		Major Climate Change Risks and Opportunities			Potential impact on business, strategy and finance	Responsive measures
		Risk	Short-term	Increasing electricity bills	Increasing costs	Installation of solar power generation facilities and formulation of power-saving measures
				Extreme weather affects transportation	● Increasing freight costs ● Impact on the delivery period of imported raw materials and exported	● Pay attention to the weather and respond to it early ● Increase risk diversification by transport companies

				commodities		
		Mid-term	Collection of carbon emission-related taxes at home and abroad	Increasing operating costs	Procurement of raw materials with lower carbon emissions and energy-saving equipment	
			Natural resource price fluctuate and unstable supply of goods	Interruption in the raw material supply sources	Diversify suppliers to mitigate risks	
		Long-term	Extreme weather affects raw material supply, production and sales	Affect the enterprise’s normal operation	● Insurance claims ● Diversify suppliers and develop new customers ● Develop new business lines	
	Opportunity	Short-term	Improve resource utilization efficiency	Reduce the costs	Conservation and efficient use of water, electricity and other resources	
		Mid-term	Improvement of technology and equipment performance	Increasing capital expenditures and decreasing operating costs	Procurement of raw materials with lower carbon emissions and energy-saving equipment	
			Acquisition of low-carbon raw materials			
		Long-term	Industrial transformation	Improve corporate competitiveness	Develop more diversified business models	
	3. Describe the financial impact posed by extreme climate events and		Under evaluation.			

transformation actions.	
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	The Company has established the “Sustainable Development Committee” chaired by the President. The Committee consists of the corporate governance team, sustainable environment team, social welfare team, and ethical management team. The corporate governance team is responsible for formulating, supervising and reviewing policies and management mechanism related to corporate governance and risk management. It is also responsible for coordinating relevant departments to perform risk identification, assessment, control and supervision, and regularly report the implementation status to the “Sustainable Development Committee.” The “Sustainable Development Committee” shall report the overall risk management implementation status to the Board of Directors at least once a year. Each relevant department assesses the possibility of occurrence of each risk factor and the level of impact subject to their functions, and formulate and implement necessary measures and manage various risks with care. Based on the risk management policy and risk assessment results, the internal auditors formulates the annual internal audit plan, executes various system audits according to the plan, and assists the Board of Directors in monitoring and controlling the potential risks over the execution of decisions to ensure that all operational risks are effectively controlled and suggestions for improvement may be proposed in a timely manner. The sustainable environment team of the Company's “Sustainable Development Committee” is the dedicated unit engaged in climate change-related management. The unit is responsible for collecting international reports and literature and issues of domestic and foreign industry peers' climate-related risks and opportunities, organizing education and training programs and internal discussions on climate risks and opportunities, assessing the potential impacts on the Company, and concluding the Company's major climate-related risks and opportunities, in order to enhance the Company's ability to respond to climate changes.
5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used shall be explained.	Not applicable.
6. If there is a transformation plan in response to the management of climate-related risks, describe the	Not applicable.

contents of the plan, and the indicators and goals used to identify and manage physical risks and transformation risks.	
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be explained.	Not applicable.
8. If climate-related goals are set, the activities covered, scope of greenhouse gas emissions, planned schedule, and annual progress should be explained. If carbon offsets or renewable energy certificates (RECs) are used to achieve the goals, please explain the source and quantity of carbon offset credits or quantity of Renewable Energy Certificates (RECs) for which they are exchanged.	Not applicable.
9. Greenhouse gas inventory and assurance status, as well as reduction targets, strategies and concrete action plans.	For the greenhouse gas inventory and assurance status, please refer to the following 1-1. For the greenhouse gas reduction targets, strategies and concrete action plans, please refer to the following 1-2.

1-1 The greenhouse gas inventory and assurance status in the most recent two years

1-1-1 GHG **Inventory** Information

According to the sustainable development roadmap for TWSE/TPEX-listed companies, Yuen Chang Stainless Steel Co., Ltd. has completed

the greenhouse gas inventory since 2023. The Company's consolidated financial statements will complete the greenhouse gas inventory since 2025.

		2023		2024	
		Emissions volume (metric tons CO ₂ e)	Intensity (metric ton CO ₂ e/NTD million)	Emissions volume (metric tons CO ₂ e)	Intensity (metric ton CO ₂ e/NTD million)
The Company	scope 1	83.4251		87.2717	
	scope 2	1,095.2816		1,100.1671	
	Subtotal	1,178.7067		1,187.4388	
Subsidiaries included into the consolidated financial statements	scope 1	6,291.93		3,734.75	
	scope 2	28,713.42		25,541.60	
	Subtotal	35,005.35		29,276.35	
Total		36,184.0567	3.0566	30,463.7888	2.8431
The Company	Scope 3	181,808.5475	-	500,663.4192	-
Subsidiaries included into the consolidated financial statements	Scope 3	168,474.1	-	114,427.51	-

Note: The intensity of greenhouse gas emission is calculated based on the turnover (NTD million).

1-1-2 GHG Inventory **Assurance** Information

According to the sustainable development roadmap for TWSE/TPEX-listed companies, Yuen Chang Stainless Steel Co., Ltd. has completed the greenhouse gas inventory since 2024. The Company's subsidiaries included in the consolidated financial statements will complete the greenhouse gas inventory since 2027.

Year	By company	Direct scope 1 (metric tons CO ₂ e)	Energy indirect scope 2 (metric tons CO ₂ e)	Other indirect Scope 3 (metric tons CO ₂ e)	Assurance institution	Description about the assurance status
2023	The Company	83.4251	1,095.2816	181,808.5475	SGS Taiwan Ltd.	Certified by the certification body in accordance with the ISO14064-3 standard, and the assurance opinion is reasonable assurance.
2024		87.2717	1,100.1671	500,663.4192	AFNOR Asia, Ltd.	Certified by the certification body in accordance with the ISO14064-3 standard, and the assurance opinion is reasonable assurance.

2023	Subsidiaries included into the consolidated financial statements	The Company's subsidiaries in the consolidated financial statements will complete the greenhouse gas verification since 2027.
2024		

1-2 Greenhouse gas **reduction targets, strategies and concrete action plans.**

Base year and reduction target for greenhouse gas:

1. The Company has been certified with the “ISO 14001” environmental management system and regularly obtains the certification.
2. For the carbon reduction target, 2023 is set as the base year, to reduce carbon by 30% by 2030, 50% by 2040, and achieved net zero by 2050.
3. The motors of stationery crane trolley in plants are gradually equipped with frequency converters to achieve energy saving, and reduce the frequency of replacing lining in brakes.
4. The company vehicles are replaced with electric vehicles.
5. Increase the use of in-house green power.
6. Promote energy saving and carbon reduction issues to employees from time to time.
7. Continue to promote water saving to treasure the water resources.
8. Priority is given to products certified for energy saving when procuring, and the percentage of green procurement is increasing year by year.

Greenhouse gas reduction strategies and concrete action plans:

1. Since 2022, we have conducted an organized greenhouse gas inventory every year based on the international standard ISO 14064-1, and since 2023, the inventory results have been subject to third-party verification to ensure data quality.
2. The Company replaced the old Phase II trucks with new Phase VI trucks in 2024.

3. In 2024, 490.96 KW solar photovoltaic facility was completed on the roof of Building F, parking shed, and office building of Dafa Plant. The construction cost was approximately NT\$20.2 million. Since 2024, it has generated 451,503 kWh of electricity (equivalent to reducing carbon emissions by 223 metric tons of CO₂e).

The total installed solar power capacity of our plant is 1,923.16 KW, with an annual power generation of 2.03 million kWh, which is equivalent to a emission reduction of 1,004 metric tons of CO₂e.

4. In 2025, it is expected that the Company will engage an energy management company to review the energy status comprehensively, and make strategic energy-saving plans to continuously improve energy performance.

(VI) Ethical management status, and deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof

Evaluation items	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof
	Yes	No	Summary	
I. Establishment of ethical management policies and plans (I) Does the Company establish a set of board-approved business integrity policy, and stated in its Memorandum or external correspondence about the policies and practices it implements to maintain business integrity? Are the board of directors and the senior management committed to fulfilling this commitment?	✓		The Company has adopted its “Ethical Management Best Practice Principles” upon approval of the Board of Directors, and also published the same to all colleagues. The Board of Directors and management all commit to implement the same proactively.	No material deviation was found.
(II) Does the Company develop systematic practices for assessing integrity risks? Does the Company perform regular analyses and assessments on business activities that are prone to	✓		In reference to the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and by taking into consideration the unethical conduct risk that might be encountered by the Company during operations, the Company's Ethical Management Promotion Taskforce set forth the “Ethical Management Best Practice Principles” including the prevention policy against the activities referred to in Paragraph 2, Article 7 of the “Ethical Corporate Management Best	

Evaluation items	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof
	Yes	No	Summary	
higher risk of dishonesty, and implement preventions against dishonest conducts that include at least the measures mentioned in Paragraph 2, Article 7 of “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”?			Practice Principles for TWSE/TPEX Listed Companies.”	
(III) Does the Company define and enforce operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?	✓		The Company has communicated the “Ethical Management Best Practice Principles” to all colleagues, and also set forth the operating procedure for prevention of unethical conduct . Meanwhile, the Company would perform the awareness campaign toward employees for education and training regularly. The Company will review whether it is necessary to amend said program regularly each year. The amendments, if any, will be submitted to the Board of Directors for approval.	

Evaluation items	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof
	Yes	No	Summary	
II. Implementation of ethical management (I) Does the Company evaluate the integrity of all trading counterparts it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	✓		Prior to engaging in any commercial transactions, the Company will take into consideration the legality of its agents, suppliers, customers or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved. When entering into contracts with the agents, suppliers, customers or other trading counterparties, the Company may at any time terminate or rescind the contractual terms and conditions, in the event the trading counterparties are involved in unethical conduct.	No material deviation was found.
(II) Does the Company establish a unit dedicated to promoting ethical corporate management under supervision of the Board of Directors which shall be responsible for reporting the status of	✓		1. The convener of the Company's Ethical Management Taskforce is Administration Department, which is responsible for assisting the Board of Directors and management in formulation and supervision on execution of the ethical management policies and unethical conduct prevention programs, in order to ensure the implementation of Ethical Management Best Practice Principles. It shall also report the implementation status in the previous to the Board of Directors. The	

Evaluation items	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof
	Yes	No	Summary	
implementation of the ethical management policy and unethical conduct prevention program to the Board of Directors periodically (at least for once per year)?			2024 implementation status was reported to the Board of Directors on March 6, 2025. 2. In order to prevent the conflict of interest and provide adequate channels to provide explanation, the Company has adopted its own “Ethical Management Best Practice Principles” and “Measures for the Report on Illegal and Unethical or Dishonest Conducts.” 3. The Company's implementation of the ethical corporate management policy in 2024: (1) The Ethical Management Taskforce organized the awareness and education & training campaign for employees’ ethics and insider trading for a total of 17.37 hours in 2024. (2) The Company's whistleblowing mailbox: 0 incident was reported in 2024; the HR whistle-blowing mailbox: 0 incident was reported in 2024.	
(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of	✓		The Company has adopted the “Ethical Management Best Practice Principles” to prevent the conflict of interest, and also set up adequate channels to provide explanation.	

Evaluation items	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof
	Yes	No	Summary	
conflicting interests? (IV) Does the Company implement effective accounting policy and internal control system to maintain business integrity? Has an internal audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment, and to audit employees' compliance with various preventions against dishonest conduct?	✓		The Board of Directors shall exercise the due diligence as a good administrator to urge the Company to prevent any unethical conduct, and shall also review the compliance with the accounting system and internal control system, in order to continue following up and improve the same to ensure the implementation of the ethical management policy. The Company's Audit Department conducts various audits per the annual audit plans upon risk assessment, and reports the audit results to the Board of Directors.	
(V) Does the Company organize internal or external training on a regular basis to maintain business integrity?	✓		The Company organizes the internal education and training program periodically or sends its staff to attend related programs organized by the competent authority.	
III. Implementation of the				No material deviation

Evaluation items	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof
	Yes	No	Summary	
Company's whistleblowing system (I) Does the Company provide incentives and means for employees to report misconducts? Does the Company assign dedicated personnel to investigate the reported misconducts? (II) Does the Company implement any standard procedures for handling reported misconducts and related confidentiality measures? (III) Does the Company have taken proper measures to protect the whistle-blowers from	✓ ✓ ✓		The Company has adopted the “Measures for the Report on Illegal and Unethical or Dishonest Conducts.” The grievance channels and dedicated personnel are stated as follows: 1. Whistleblowing channels (1) Whistle-blowing mail box of Spokesperson:peichen@yuenchang.com.tw (2) Email of the Chief Auditor: johnson@yuenchang.com.tw 2. Dedicated personnel The reported cases involving the general employees shall be submitted by the handling units to the department heads. Those involving directors or senior management shall be submitted to independent directors. 3. Protection of whistleblowers Personnel of the Company handling whistleblowing matters shall represent in writing they will keep the whistleblowers' identity and	was found.

Evaluation items	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof
	Yes	No	Summary	
suffering any consequence of reporting an incident?			contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing. According to the “Working Rules”, the Company grants merits to those who whistleblow misconduct or cases impairing the Company's interest as reward.	
IV. Enhanced information disclosure Does the Company disclose the contents of its ethical management best practice principles and the result of implementation on its official website and MOPS?	✓		The Company has disclose the contents of its ethical management best practice principles and the result of implementation on its official website and MOPS. The Company's official website at http://www.yuenchang.com.tw .	No material deviation was found.
V. If the Company has established its own sustainable development policies in accordance with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe the current practices and any deviations thereof from such principles: The Company's ethical management strictly complies with the Principles adopted by it.				
VI. Other information useful to the understanding of ethical corporate management (e.g., the Company reviews and amends the ethical management best practice principles established by it):				

Evaluation items	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and causes thereof
	Yes	No	Summary	
The Company will at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage its directors, managers and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.				

(VII) Other information material to the understanding of corporate governance within the Company: Please visit the MOPS or the Company's website.

(VIII) Disclosures relating to the implementation of the internal control system:

1. Declaration for Statement of Internal Control:

Yuen Chang Stainless Steel Co., Ltd.

Declaration for Statement of Internal Control System

Date: March 6, 2025

We made the following declaration based on self-assessment on the Company's internal control policies in 2024:

- I. The Company acknowledges and understands that establishment, implementation and maintenance of the internal control system are the responsibility of the Board and managerial officers, and that such a system has already been established throughout the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc.), reliable, timely and transparent financial reporting, and regulatory compliance.
- II. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws were identified.
- III. The Company evaluates the effectiveness of its internal control policy design and execution based on the criteria specified in "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria introduced by the "Regulations" consists of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further encompasses several sub-elements. Please refer to "the Regulations" for details.
- IV. The Company has adopted the above-mentioned criteria to validate the effectiveness of its internal control design and execution.
- V. Based on the assessments described above, the Company considers the design and execution of its internal control policies to be effective as of December 31, 2024. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
- VI. The Statement forms an integral part of the Company's annual report and prospectus, and shall be made public. Any illegal misrepresentation or concealment in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. The Statement was approved at the Company's Board of Directors meeting held on March 6,

2025. None of the 6 directors present to the meeting held any objections, and all of them unanimously agreed to the contents of this declaration.

Yuen Chang Stainless Steel Co., Ltd.

Chairman and President: Yen Te-Ho Seal/Signature

2. If the internal control system has been reviewed by an external auditor, the result of such review must be disclosed: None.

(IX) Major resolutions passed in shareholders' meetings and Board of Directors meetings in the most recent year until the date of publication of the annual report

1. Major resolutions passed in shareholders' meetings and Board of Directors meetings in 2024 until the date of publication of the annual report:

Name of Meeting	Date	Remark	
Annual General Meeting	June 6, 2024	1.	2023 Business report and financial statements.
		Implementation status	Approved as it is proposed.
		2.	2023 Deficit compensation proposal
		Implementation status	Approved as it is proposed.
		3.	Distribution of cash from capital surplus.
		Implementation status	Approved as it is proposed.
		4.	Amendments to certain provisions of the Company's "Articles of Incorporation"
		Implementation status	Approved as it is proposed.
		5.	Amendments to certain provisions of the Company's "Operating Procedure for Loaning to Others."
		Implementation status	Approved as it is proposed.
		6.	Amendments to certain provisions of the Company's "Rules of Procedure for Shareholders' Meeting"
		Implementation status	Approved as it is proposed.

2. Major Resolutions of the Board of Directors Meetings:
Major resolutions passed in Board of Directors meetings in 2024 until the date of publication of the annual report:

Name of Meeting	Date	Remark	
Board of Directors	March 8, 2024	1.	Issuance of the Company's 2023 Declaration for Statement of Internal Control.
		2.	The Company's periodic evaluation on the independence of external auditors.
		3.	2024 appointment of and remuneration to external auditors
		4.	2023 Business report and financial statements.
		5.	2023 Deficit compensation proposal
		6.	Distribution of cash from capital surplus.
		7.	Ratification of the Company's derivatives trading.
		8.	Amendments to the agreement on facility with certain financial institutions in 2024.
		9.	Amendments to the Company's plan to make endorsement/guarantee for the agreement on and renewal of facility of the subsidiary, Ningbo Qiyi Precision Metals Co., Ltd. (hereinafter referred to as "Qiyi"), with various financial institutions in 2024.
		10.	Amendments to certain provisions of the "General Provisions of Internal Audit System and Enforcement Rules thereof."
		11.	Amendments to certain provisions of the Company's "Regulations Governing Procedure for Board of Directors Meetings."
		12.	Amendments to certain provisions of the "Organization Rules of Audit Committee Charter."
		13.	2023 year-end bonus to managers.
		14.	Amendments to certain provisions of the "Articles of Incorporation"
		15.	Convention of the Company's 2024 annual general meeting.
Board of Directors	May 7, 2024	1.	The Company's Q1 2024 consolidated financial statements.
		2.	Amendments to the Company's plan to make endorsement/guarantee for the agreement on and renewal of facility of the subsidiary, Ningbo Qiyi Precision Metals Co., Ltd. (hereinafter referred to as "Qiyi"), with various financial institutions in 2024.

Name of Meeting	Date	Remark	
		3.	Amendments to the Company's "Regulations Governing Property Management"
Board of Directors	August 7, 2024	1.	The Company's Q2 2024 consolidated financial statements.
		2.	Ratification of the agreement on facility with certain financial institutions in 2024.
		3.	Amendments to the agreement on facility with various financial institutions in 2024.
		4.	Amendments to the Company's plan to make endorsement/guarantee for the agreement on and renewal of facility of the subsidiary, Ningbo Qiyi Precision Metals Co., Ltd. (hereinafter referred to as "Qiyi"), with various financial institutions in 2024.
		5.	Periodic review on the salary and remuneration to directors and managers.
Board of Directors	November 7, 2024	1.	The Company's Q3 2023 consolidated financial statements.
		2.	Amendments to the Company's plan to make endorsement/guarantee for the agreement on and renewal of facility of the subsidiary, Ningbo Qiyi Precision Metals Co., Ltd. (hereinafter referred to as "Qiyi"), with various financial institutions in 2024.
		3.	Sales of real estate by the subsidiary, Ningbo Qiyi Precision Metals Co., Ltd..
		4.	Procurement of equipment by the subsidiary, Ningbo Qiyi Precision Metals Co., Ltd.
		5.	The Company's change of CPAs due to the internal job rotation of the CPA Firm.
Board of Directors	December 25, 2024	1.	Present the Company's 2025 business plan.
		2.	In order to repay existing borrowings from financial institutions and replenish the mid-term working capital, the Company intended to engage E.SUN Bank as the lead bank to provide a syndicated loan of NT\$1.3 billion (the total amount may be increased or decreased the total and disaggregated items within the extent of 20% depending on the status of the loan).
		3.	On January 28, 2021, the Company and Surewin Global Limited signed a supplementary agreement and exemption application for a syndicated loan of NT\$850 million and US\$24 million

Name of Meeting	Date	Remark	
			with E.SUN Bank and other financial institutions.
		4.	2024 agreement on facility with E-Sun Bank, Kaohsiung Branch.
		5.	Plan to agree on addition to and renewal of the facility with various financial institutions in 2025.
		6.	The Company's plan to make endorsement/guarantee for the agreement on and renewal of facility of the subsidiary, Ningbo Qiyi Precision Metals Co., Ltd. (Hereinafter referred to as "Qiyi") with various financial institutions in 2025.
		7.	Propose the Company's 2025 business plan.
		8.	Amendments to certain provisions of the "Internal Control System" and "General Provisions of Internal Audit System and Enforcement Rules thereof."
		9.	Amendments to the "Procedures for Handling Material Inside Information and Insider Trading Prevention Management"
		10.	Proposal to establish the "Operating Procedures of Sustainable Report Preparation and Assurance."
Board of Directors	March 6, 2025	1.	Issuance of the Company's 2024 Declaration for Statement of Internal Control.
		2.	The Company's periodic evaluation on the independence of external auditors.
		3.	Appointment of and remuneration to the Company's external auditors in 2025.
		4.	2024 Business report and financial statements.
		5.	2024 Earnings appropriation proposal.
		6.	Amendments to the Company's plan to make endorsement/guarantee for the agreement on and renewal of facility of the subsidiary, Ningbo Qiyi Precision Metals Co., Ltd. (hereinafter referred to as "Qiyi"), with various financial institutions in 2025.
		7.	Amendments to certain provisions of the "Internal Control System" and "General Provisions of Internal Audit System and Enforcement Rules thereof."
		8.	2024 year-end bonus to managers.
		9.	2024 distribution of remuneration to employees and directors.
		10.	Amendments to certain provisions of the "Articles of

Name of Meeting	Date	Remark	
			Incorporation”
		11.	Convention of the Company's 2025 annual general meeting.

(X) The main contents of important resolutions of the Board passed but with directors or supervisors voicing opposing opinions on the record or in writing in the most recent year until the date of publication of the annual report: None.

IV. Information about CPA’s audit fee

Unit: NTD thousand

Name of CAP Firm	Name of CPA	Audit Period	Audit fee	Non-audit fee	Total	Remark
Deloitte Taiwan	Hsu Kai-Ning Wu Chang-Chun Chang Tzu-Yuan	January 1, 2024~December 31, 2024	3,500	-	3,500	Note (1)

Note (1) Due to the reassignment in the CPA Firm, the Company's independent auditors have been changed from Hsu, Kai-Ning, ,CPA and Wu, Chang-Chun, CPA to Hsu, Kai-Ning, CPA and Chang, Tzu-Yuan, CPA since Q4 of 2024.

(I) If a change of CPA firm results in a lower audit fee for that year compared to the previous year: None.

(II) If the audit fee was reduced by more than 10% from the previous year: None.

V. Information on Replacement of CPA:

(I) Information relating to the former CPA

Date of Replacement	Approved by the Board of Directors meeting on November 7, 2024		
Cause of replacement and remark	Due to the reassignment in the CPA Firm, the Company's independent auditors have been changed from Hsu, Kai-Ning, CPA and Wu, Chang-Chun, CPA to Hsu, Kai-Ning, CPA and Chang, Tzu-Yuan, CPA since Q4 of 2024.		
To specify whether the client or CPA terminates or rejects the appointment	Contracting parties	CPA	Client
	Status	Not applicable	
	Voluntary termination of the appointment No longer accept (continue) the appointment		

Issuance of the audit report other than the audit report containing unqualified opinions, and causes thereof	Not applicable		
Disagree with the Company?	Yes		Accounting principles or practices
			Disclosure of financial report
			Scope or steps of audit
			Others
	None		
	Remark: N/A.		
Other disclosures (To be disclosed under subparagraphs 6.1(4)–(7) of Article 10 of the Regulations.)	None		

(II) About the succeeding CPA

Name of CPA firm	Deloitte Taiwan
Name of CPA	Chang Tzu-Yuan
Date of appointment	Approved by the Board of Directors meeting on November 7, 2024
Consultation about the accounting treatment of or application of accounting principles to a specific transaction or the type of audit opinion that might be rendered prior to the formal engagement, and the consultation result.	Not applicable
Written opinion from the succeeding CPA regarding the matters disagreed by the former CPA	Not applicable

(III) The former CPA's response to the items referred to in Subparagraphs 6 (1) and (2) 3 of Article 10 of the Regulations: N/A.

VI. The Company's Chairman, General Manager or managers in charge of financial or accounting operations being employed by the external auditor's firm or any of its affiliated company within the most recent year: None.

VII. Any transfer of equity interest and pledge of or change in equity interest by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent in the most recent year and until to the date of publication of the annual report:

(I) Any transfer of equity interest and pledge of or change in equity interest by a director, supervisor, manager shareholder with a stake of more than 10 percent

Changes of the equity of directors, managers and major shareholders:

Unit: shares

Job Title	Name	2024		2025 until March 29		Remark
		Increase (decrease) in shares held	Increase (decrease) in Shares Pledged	Increase (decrease) in shares held	Increase (decrease) in Shares Pledged	
Directors and managers	Yen Te-Ho	(300,000)	-	-	-	
Director	Yen The-Wei	(1,025,000)	-	-	-	
Directors and major shareholders	Yuji Investment Co., Ltd.		(22,000,000)	-	-	
Representative of director, and manager	Chang Yun-Ching	200,000	-	-	-	
Independent director	Chen Chih-Cheng	-	-	-	-	
Independent director	Pan Yung-Shan	-	-	-	-	
Independent director	Tu Chin-Hsiang	-	-	-	-	
Independent director	Liu Hsin-Hung	10,000	-	-	-	
Manager	Yeh Mei-Yun	(200,000)	-	-	-	
Manager	Wu Huang-Yen	-	-	-	-	
Manager	Huang Ying-Hsueh	-	-	-	-	
Manager	Chu Pei-Chen	-	-	-	-	
Manager	Yen Po-Chien	-	-	-	-	

(II) Information about the counterparty of transfer of shares as a related party

Name	Cause of transfer of equity	Trading Date	Trading Counterparty	Relationship between the trading counterparty and the Company's directors, managerial officers and shareholders with more than 10% shareholding	Shares	Trading price
Yen Te-Ho	Endowment	October 17, 2024	Yen Yun-Chen	Lineal relative by blood	100,000	16.4
Yen Te-Ho	Endowment	October 17, 2024	Yen Yi-Chen	Lineal relative by blood	100,000	16.4
Yen Te-Ho	Endowment	October 17, 2024	Yen Shao-Chen	Lineal relative by blood	100,000	16.4
Yeh Mei-Yun	Endowment	October 17, 2024	Chang Yun-Ching	Relatives within the second degree of kinship	200,000	16.4
Yen The-Wei	Endowment	December 13, 2024	Lou, Ke-Fang	Couple	1,000,000	18.25

(III) Information about the counterparty of pledge of shares as a related party: None.

VIII. Disclosure of relationship, such as related party, spouse or relative within the second degree of kinship, among the top ten shareholders in terms of shareholding ratio

Disclosure of relationship among the top ten shareholders

March 29, 2025; Unit: shares; %

Name	Shares held in own name		Shareholding by spouse or dependents		Shares held in the name of a third party		If there is relationship, such as related party, spouse, or relative within the second degree of kinship, among the top ten shareholders, please disclose the designation or name and relationship.		Remark
	Shares	Shareholding	Shares	Shareholding	Shares	Shareholding	Designation (or Name)	Affiliation	
Yuji Investment Co., Ltd. Representative: Yen Po-Chien	37,731,750	22.68	-	-	-	-	Run Yang Investment Co., Ltd.	Relatives within 2nd degree of kinship among the company responsible persons	
							Yen Te-Ho, Yeh Mei-Yun and Yen Shih-Hang	Relatives within the second degree of kinship	
Run Yang Investment Co., Ltd. Representative: Yen Shih-Hang	6,688,719	4.02	-	-	-	-	Yuji Investment Co., Ltd.	Relatives within 2nd degree of kinship among the company responsible persons	
							Yen Te-Ho, Yeh Mei-Yun and Yen Po-Chien	Relatives within the second degree of kinship	
Yen Te-Ho	6,915,568	3.98	5,415,200	3.25	-	-	Yuji Investment Co., Ltd. and Run Yang Investment Co., Ltd.	Relatives within 2nd degree of kinship among the company responsible persons	
							Yeh Mei-Yun, Chan Yen Su-Chen, Yen Sheng-Wen, Yen Po-Chien, Yen Shih-Hang, Hsiao Shu-Chin and Yeh Li-Yun	Relatives within the second degree of kinship	
Yeh Mei-Yun	5,415,200	3.25	6,615,568	3.98	-	-	Yuji Investment Co., Ltd. and Run Yang Investment Co., Ltd.	Relatives within 2nd degree of kinship among the company responsible persons	
							Yeh Te-Ho, Chan Yen Su-Chen, Yen Sheng-Wen, Yen Po-Chien, Yen Shih-Hang, Hsiao Shu-Chin and Yeh Li-Yun	Relatives within the second degree of kinship	
Yeh Li-Yun	3,865,441	2.32	-	-	-	-	Yen Te-Ho and Yeh Mei-Yun	Relatives within the second degree of kinship	
Chan Yen Su-Chen	3,477,455	2.09	-	-	-	-	Yen Te-Ho, Yeh Mei-Yun, Yen Sheng-Wen and Hsiao Shu-Chin	Relatives within the second degree of kinship	
Yen Shih-Hang	2,788,492	1.68	-	-	-	-	Yuji Investment Co., Ltd.	Relatives within 2nd degree of kinship among the company responsible persons	
							Yen Te-Ho, Yeh Mei-Yun and Yen Po-Chien	Relatives within the second degree of kinship	
Hsiao Shu-Chin	2,389,113	1.44	-	-	-	-	Chan Yen Su-Chen, Yen Te-Ho, Yen Sheng-Wen, Yen Ya-Hui and Yeh Mei-Yun	Relatives within the second degree of kinship	

Name	Shares held in own name		Shareholding by spouse or dependents		Shares held in the name of a third party		If there is relationship, such as related party, spouse, or relative within the second degree of kinship, among the top ten shareholders, please disclose the designation or name and relationship.	Remark
	Shares	Shareholding	Shares	Shareholding	Shares	Shareholding	Designation (or Name)	Affiliation
Yen Ya-Hui	2,280,716	1.37	-	-	-	-	Hsiao Shu-Chin	Relatives within the second degree of kinship
Yen Sheng-Weng	2,162,621	1.30	-	-	-	-	Chan Yen Su-Chen, Yen Te-Ho, Yeh Mei-Yun and Hsiao Shu-Chin	Relatives within the second degree of kinship

IX. Number of shares held by the Company, and the Company's directors, supervisors and managers, and the entities directly or indirectly controlled by the Company in a single investee, and consolidated shareholding percentage of the above categories

Consolidated shareholding percentage

December 31, 2024; Unit: Thousand Shares

Investee	Investment by the Company		Investment by directors, supervisors, managers and enterprises controlled either directly or indirectly by the Company		Comprehensive investment	
	Shares	Shareholding	Shares	Shareholding	Shares	Shareholding
QIYI PRECISION METALS CO.,LTD	48,000	100%	-	-	48,000	100%
Surewin Global Limited (HK)	-	-	32,000	100%	32,000	100%
Ningbo Qiyi Precision Metals Co., Ltd.	-	-	Note	100%	Note	100%

Note: As Ningbo Qiyi Precision Metals Co., Ltd. is a limited company, it doesn't issue shares.

Three. Funding Status

I. Capital and Shares

(I) Source of Capital

1. Formation of capital stock:

April 30, 2025; Unit: share; NT\$

Month / Year	Issue price (NT\$)	Authorized capital		Paid-in Capital Stock		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Offset share capital via properties other than cash	Others
July 1987	Note	Note	1,000,000	100	1,000,000	Capital stock for incorporation in cash	None	Note 1
March 1988	Note	Note	5,000,000	500	5,000,000	Cash capital increase by NT\$4,000 thousand	None	Note 2
August 1991	Note	Note	10,000,000	1,000	10,000,000	Cash capital increase by NT\$5,000 thousand	None	Note 3
September 1992	10,000	2,000	20,000,000	2,000	20,000,000	Cash capital increase by NT\$10,000 thousand	None	Note 4
December 1994	10,000	4,000	40,000,000	4,000	40,000,000	Cash capital increase by NT\$20,000 thousand	None	Note 5
September 1996	10,000	6,000	60,000,000	6,000	60,000,000	Cash capital increase by NT\$20,000 thousand	None	Note 6
November 1997	10,000	9,000	90,000,000	9,000	90,000,000	Cash capital increase by NT\$30,000 thousand	None	Note 7
September 1999	10,000	13,200	132,000,000	13,200	132,000,000	Cash capital increase NT\$42,000 thousand	None	Note 8
July 2000	10,000	19,800	198,000,000	19,800	198,000,000	Cash capital increase by NT\$66,000 thousand	None	Note 9
June 2004	10	26,868,000	268,680,000	26,868,000	268,680,000	Cash capital increase by NT\$70,680 thousand	None	Note 10
September 2005	10	31,968,000	319,680,000	31,968,000	319,680,000	Recapitalization of earnings by NT\$51,000 thousand	None	Note 11
April 2007	10	38,000,000	380,000,000	38,000,000	380,000,000	Cash capital increase by NT\$3,320 thousand Recapitalization of earnings by NT\$57,000 thousand	None	Note 12

Month / Year	Issue price (NT\$)	Authorized capital		Paid-in Capital Stock		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Offset share capital via properties other than cash	Others
April 2008	10	48,000,000	480,000,000	48,000,000	480,000,000	Cash capital increase by NT\$100,000 thousand	None	Note 13
October 2008	10	50,000,000	500,000,000	50,000,000	500,000,000	Cash capital increase by NT\$20,000 thousand	None	Note 14
October 2011	19	110,000,000	1,100,000,000	110,000,000	1,100,000,000	Cash capital increase by NT\$600,000 thousand	None	Note 15
October 2015	10	160,000,000	1,600,000,000	112,156,000	1,121,560,000	Recapitalization of earnings NT\$21,560 thousand	None	Note 16
May 2016	17.5	160,000,000	1,600,000,000	124,310,000	1,243,100,000	Cash capital increase by NT\$121,540 thousand	None	Note 17
December 2016	10	160,000,000	1,600,000,000	122,110,000	1,221,100,000	Cancellation of treasury stocks NT\$22,000 thousand	None	Note 18
March 2017	17.2	160,000,000	1,600,000,000	127,167,976	1,271,679,760	Conversion of corporate bonds into shares NT\$50,579,760	None	Note 19
May 2017	17.2	160,000,000	1,600,000,000	132,917,860	1,329,178,600	Conversion of corporate bonds into shares NT\$57,498,840	None	Note 20
August 2017	17.2	160,000,000	1,600,000,000	133,970,169	1,339,701,690	Conversion of corporate bonds into shares NT\$10,523,090	None	Note 21
November 2017	16.1	160,000,000	1,600,000,000	140,582,988	1,405,829,880	Conversion of corporate bonds into shares NT\$66,128,190	None	Note 22
April 2018	16.1	160,000,000	1,600,000,000	141,235,151	1,412,351,510	Conversion of corporate bonds into shares NT\$6,521,630	None	Note 23
June 2018	16.1	160,000,000	1,600,000,000	141,937,001	1,419,370,010	Conversion of corporate bonds into shares NT\$7,018,500	None	Note 24
August 2018	16.1	160,000,000	1,600,000,000	142,582,951	1,425,829,510	Conversion of corporate bonds into shares NT\$6,459,500	None	Note 25
October 2018	20	160,000,000	1,600,000,000	152,582,951	1,525,829,510	Cash capital increase by NT\$100,000 thousand	None	Note 26
November 2018	15	160,000,000	1,600,000,000	153,046,111	1,530,461,110	Conversion of corporate bonds into shares NT\$4,631,600	None	Note 27

Month / Year	Issue price (NT\$)	Authorized capital		Paid-in Capital Stock		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Offset share capital via properties other than cash	Others
April 2019	15	160,000,000	1,600,000,000	154,166,101	1,541,661,010	Conversion of corporate bonds into shares NT\$11,199,900	None	Note 28
May 2019	15~27	160,000,000	1,600,000,000	156,386,836	1,563,868,360	Conversion of corporate bonds into shares NT\$22,207,350	None	Note 29
December 2021	28	220,000,000	2,200,000,000	166,386,836	1,663,868,360	Cash capital increase by NT\$100,000 thousand	None	Note 30

Note: No information about the number of shares is available, as it is not a company limited by shares.

Note 1: Approval letter under Jian-She-II-Zi No. 86310.

Note 2: Approval letter under Jian-She-II-Zi No. 11630001.

Note 3: Approval letter under Jian-She-II-Zi No. 17245700.

Note 4: Approval letter under Jian-She-II-Zi No. 09991501.

Note 5: Approval letter under Kaohsiung City Jian-She-III-Zi No. 474506.

Note 6: Approval letter under Kaohsiung City Jian-She-III-Zi No. 226301.

Note 7: Approval letter under Kaohsiung City Jian-She-III-Zi No. 258166.

Note 8: Approval letter of the MOEA under (088) Shang-Zi No. 088132552 dated September 1, 1999.

Note 9: Approval letter of the MOEA under Jin-(089)-Shang-Zi No. 089123690 dated July 17, 2000.

Note 10: Approval letter of the MOEA under Jin-Shou-Shang-Zi No. 09300878470 dated June 30, 2004.

Note 11: Approval letter of the MOEA under Jin-Shou-Shang-Zi No. 09400604930 dated September 27, 2005.

Note 12: Approval letter of the MOEA under Jin-Shou-Shang-Zi No. 09600523690 dated April 27, 2007.

Note 13: Approval letter of the MOEA under Jin-Shou-Shang-Zi No. 09700501830 dated April 14, 2008.

Note 14: Approval letter of the MOEA under Jin-Shou-Shang-Zi No. 09701256240 dated October 9, 2008.

Note 15: Approval letter of the MOEA under Jin-Shou-Shang-Zi No. 10001241810 dated October 19, 2011.

Note 16: Approval letter of the MOEA under Jin-Shou-Shang-Zi No. 10401229530 dated October 30, 2015

Note 17: Approval letter of the MOEA under Jin-Shou-Shang-Zi No. 10501102340 dated May 25, 2016.

Note 18: Approval letter of the MOEA under Jin-Shou-Shang-Zi No. 10501275940 dated December 15, 2016.

Note 19: Approval letter of the MOEA under Jin-Shou-Shang-Zi No. 10601026210 dated March 1, 2017.

Note 20: Approval letter of the MOEA under Jin-Shou-Shang-Zi No. 10601063770 dated May 17, 2017.

Note 21: Approval letter of the MOEA under Jin-Shou-Shang-Zi No. 10601120220 dated August 29, 2017.

Note 22: Approval letter of the MOEA under Jin-Shou-Shang-Zi No. 10601158940 dated November 29, 2017.

Note 23: Approval letter of the MOEA under Jin-Shou-Shang-Zi No. 10701033270 dated April 2, 2018.

Note 24: Approval letter of the MOEA under Jin-Shou-Shang-Zi No. 10701053720 dated June 6, 2018.

Note 25: Approval letter of the MOEA under Jin-Shou-Shang-Zi No. 10701106670 dated August 30, 2018.

Note 26: Approval letter of the MOEA under Jin-Shou-Shang-Zi No. 10701131070 dated October 17, 2018.

Note 27: Approval letter of the MOEA under Jin-Shou-Shang-Zi No. 10701144760 dated November 27, 2018.

Note 28: Approval letter of the MOEA under Jin-Shou-Shang-Zi No. 10801038770 dated April 15, 2019

Note 29: Approval letter of the MOEA under Jin-Shou-Shang-Zi No. 10801061510 dated May 28, 2019.

Note 30: Approval letter of the MOEA under Jin-Shou-Shang-Zi No. 11001207150 dated December 3, 2021.

2. Capital Stock Categories:

March 29, 2025; Unit: shares

March 23, 2023, Unit: Share

Share Categories	Authorized capital					Remark
	Outstanding Shares			Unissued shares	Total	
	TWSE/TPEx-listed	Non-TWSE/TPEx-listed	Total			
Ordinary shares	166,386,836	-	166,386,836	53,613,164	220,000,000	

3. Information related to the shelf registration: None.

(II) List of Major Shareholders

Shareholders with a shareholding ratio of 5% or more, or the shareholding stake thereof is on the top 10 list

March 29, 2025; Unit: shares, %

Name of major shareholder	Shares	Quantity of Shares Held	Shareholding Percentage (%)
Yuji Investment Co., Ltd.		37,731,750	22.68%
Run Yang Investment Co., Ltd.		6,688,719	4.02%
Yen Te-Ho		6,615,568	3.98%
Yeh Mei-Yun		5,415,200	3.25%
Yeh Li-Yun		3,865,441	2.32%
Chan Yen Su-Chen		3,477,455	2.09%
Yen Shih-Hang		2,788,492	1.68%
Hsiao Shu-Chin		2,389,113	1.44%
Yen Ya-Hui		2,280,716	1.37%
Yen Sheng-Weng		2,162,621	1.30%

(III) Dividend policy and execution status

1. Dividend Policy:

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.

2. The distribution of dividends proposed (resolved) this year:

- (1) The Company's annual general meeting dated June 6, 2024 passed the 2023 earnings appropriation proposal to distribute the cash dividend at NT\$0.50 per share. 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.
- (2) The Board of Directors resolved to pass the 2024 earnings appropriation proposal on March 6, 2025, and planned to distribute the cash dividend at NT\$0.90 per share.
- (3) The Chairman of Board is authorized to determine the ex-dividend date of cash dividends, once the proposal has been resolved by the shareholders' meeting. The amount of cash dividend distributed to individual shareholders will be truncated to the nearest dollar. Fractional amounts of less than NT\$1 will be rounded up as dollars. The price difference, if any, shall be stated as the Company's expenses.

3. Expected significant changes in the dividend policy: N/A.

(IV) Impacts posed by the proposed bonus shares on the Company's business performance and earnings per share.

Not applicable, as the Company doesn't prepare or publish any financial forecast, or distribute any bonus shares.

(V) Remuneration to employees and directors

1. The percentages or ranges with respect to remuneration to employees and directors, as set forth in the Company's Articles of Incorporation:

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 allocate 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 be resolved subject to approval of a majority of the directors attending a meeting of the Board of Directors at which at least two-thirds 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.

2. The basis for estimating the amount of remuneration to employees and directors, for calculating the number of shares to be distributed as the stock dividends, and the accounting treatment of the discrepancy, if any, between the actual distributed amount

and the estimated figure, for the current period:

The remuneration to employees and directors is based on the estimate by the management. If the actual distributed amount resolved by a shareholders' meeting is different from the estimate materially, the difference shall be treated as the income of next year.

3. Distribution of remuneration approved by the Board of Directors:

(1) Remuneration to employees and directors distributed in cash or in shares. If there is any discrepancy between the recognized amount and estimated amount, the discrepancy, cause and treatment shall be disclosed:

The Board of Directors resolved on March 6, 2025 to allocate 2% thereof, i.e., NT\$4,970,000, as remuneration to employees, and 0.36% thereof, i.e., NT\$882,000, as remuneration to directors, all in cash.

(2) Percentage of remuneration to employees paid in shares as resolved, relative to net income and total remuneration to employees shown in the parent company only or individual financial statements:

No remuneration to employees has been paid in shares.

4. Actual payment of the remuneration to employees and directors in the previous year (including the number of shares allocated, the sum of cash paid, and the price at which shares were issued) and any differences from the figures estimated (explain the amount, the cause, and treatment of such discrepancies):

Not applicable, as on March 8, 2024, the Board of Directors of the Company resolved not to distribute 2023 remuneration to employees and directors.

(VI) Repurchase of the Company's Shares

Until April 30, 2025

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
Cumulative quantity of the issued shares held by the Company.	0
Cumulative quantity of the issued shares held by the Company to the total quantity of shares issued by the Company (%)	0%

II. Issuance of Corporate Bonds: None

III. Preferred shares: None.

IV. Global depository receipts: None.

V. Employee stock warrants: None.

VI. Restricted stock awards (RSAs): None.

VII. New shares issued for the acquisition or transfer of other shares: None.

VIII. Progress on the use of funds: The Company is free from any issuance or private placement of securities that was not completed or issuance/private placements that were completed in the most recent three years but have yet to achieve the intended benefits.

Four. Overview of business

I. Business activities

(I) Business scope

1. The Company's business activities comprise the following:
The Company is primarily engaged in the business lines including stainless steel coil surface processing, slitting, shearing and precision sizing.
2. Ratio of main products in the consolidated operating revenue, net:

Unit: NTD thousand

Item \ Year	2023		2024	
	Amount	Ratio %	Amount	Ratio %
Stainless steel coils	11,835,868	99.98	10,713,608	99.99
Others	1,984	0.02	1,239	0.01
Total	11,837,852	100.00	10,714,847	100.00

3. The Company's current main products and services:
 - (1) Main products: Stainless steel coils and plates
 - (2) Main services:
 - A. Stainless steel plate/coil shearing
 - B. Stainless steel coil slitting
 - C. Stainless steel plate surface processing
 - D. Stainless steel coil/plate precision sizing
4. New products planned to be developed:
New products (or services) planned to be developed and improvement of existing products:
 - (1) Development of new products: development of thin titanium alloy sheet (0.08mm), development of 4J36 thin nickel alloy sheet (0.015-0.05mm)
 - (2) Improvement of existing products: 445 automotive decorative trim

(II) Overview of industry

1. The industry's current status and potential developments:
The Company is engaged in precision rolling, surface treatment, processing, manufacturing and sale of stainless steel coils. The overview of steel & iron industry and stainless steel industry is stated as follows:
 - (1) Steel industry:
The iron & steel industry is an industry primarily engaged in production of various iron and steel products, which is identified as the fundamental industry for the national infrastructure and also the mother of industry. It is a capital and technology-intensive industry, with the industrial correlations in depth and width. The food, clothing, housing, transportation, education and entertainment in people's livelihood are all closely linked with the iron & steel industry. Therefore, the iron & steel industry requires more capital than the general industries. Meanwhile, it needs to take longer time to construct factories, and requires extremely delicate equipment and technology. The characteristics in the industry's business management include smaller production resilience, slow return on investment, higher energy consumption than the other industries, basic environmental protection issue about prevention of air pollution, and requirement for larger land for factory expansion. In consideration of the extensive connection

between the upstream and downstream segments in the industry, it has extensive scope of application. As the transportation industry, machinery industry, metal manufacturing industry, medical product industry, construction industry, aerospace industry, home appliance industry, and car industry are all closely linked with the iron & steel industry, the industry's development is also closely linked with the economy.

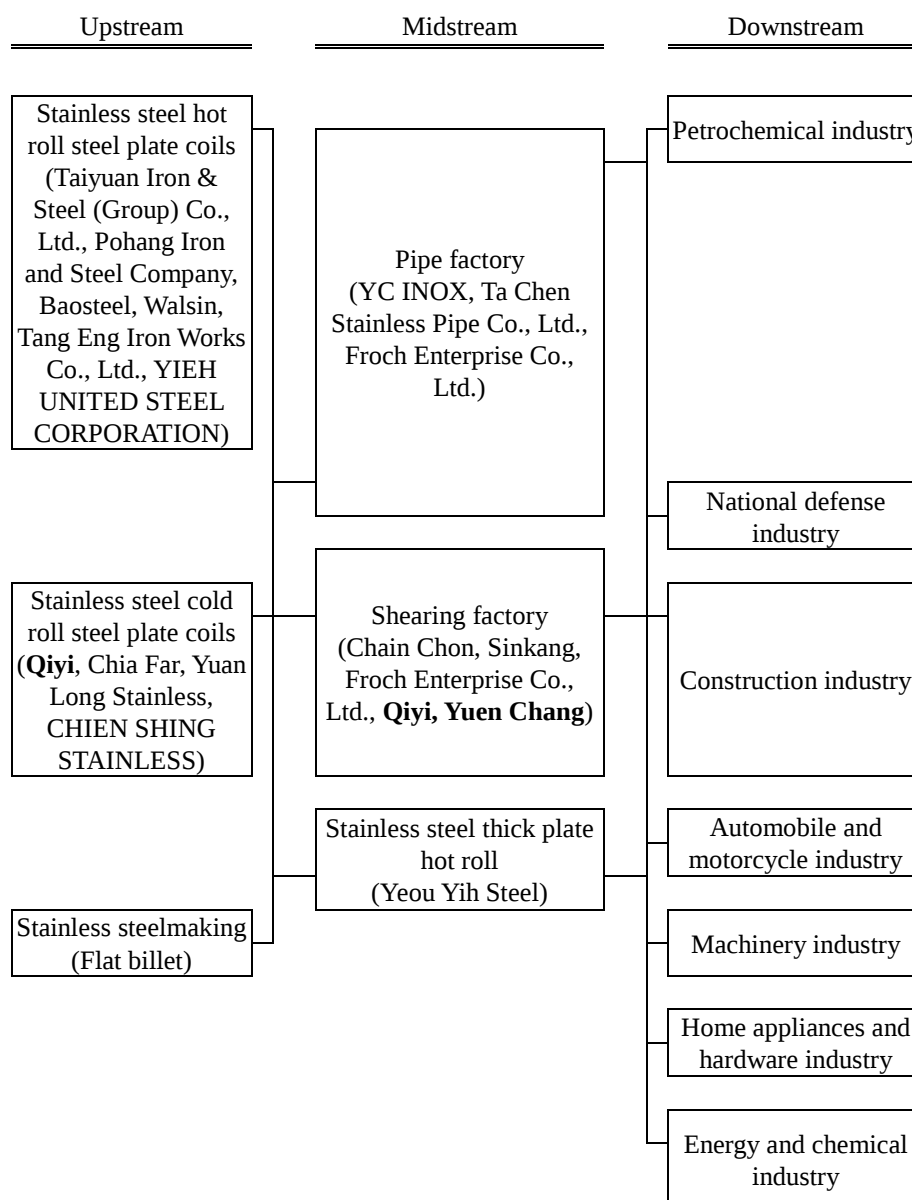
(2) Stainless steel industry:

The iron & steel products can be divided into ordinary steel and special steel subject to the manufacturing process. The reason why the special steel is different from the ordinary steel resides in that one or more special elements will be added in the refining process, in order to change the original property of the ordinary steel or present another special property to fit different purposes or special environments. The stainless steel is one of the special steel types, with the characteristics, such as anti-corrosion, high temperature resistance and aesthetics. Therefore, its application is very extensive. Generally speaking, with the GDP growth in any country, the consumption of stainless steel will increase relatively in that country.

In conclusion, stainless steel will continue to be extensively applied in construction, transportation, kitchen, electrical appliances and industrial machinery. Especially, the recent trend has emphasized long life cycle, energy conservation, environmental protection and informatization for materials. Therefore, stainless steel products are expected to be developed toward the following trends shortly: 1. Environmental protection - In order to suppress generation of carbon dioxide, more stainless steel with excellent heat resistance and high temperature corrosion resistance will be applied to high-temperature garbage incinerators, liquid natural gas power generators, and high-efficiency power generators that use coal. Meanwhile, electric vehicles will be made more practical; therefore, it is expected that more stainless steel will be applied to automotive batteries. Besides, in terms of water resource utilization, especially water quality protection, water pipes and water treatment devices equipped with excellent anti-corrosion stainless steel will be adopted by more people. 2. For long service life - countries, such as Europe countries and the United States, will, based on the LCC (life cycle and price ratio) evaluation method, adopt more stainless steel sections and bars in infrastructure projects including bridges, highways and tracks. In Japan, the life of buildings was designed as 20–30 years in the past. Now, it is designated as 100 years. Therefore, more stainless steel products will be adopted. 3. For informatization - require high-precision and high-performance materials, e.g. mobile phones requiring high-strength, elastic and non-magnetic materials; stainless steel can satisfy the requirements; manufacturing of semiconductors and various integrated circuit boards requires stainless steel, which delivers the characteristics, such as cleanliness and durability; therefore, the future demand for stainless steel is expected to be expanded further.

2. Correlation among up-stream, mid-stream, and down-stream segments in the industry:

The Company's main products include stainless steel coils, etc. The main source of raw materials refers to stainless steel strip. The dealers in the midstream segment include pipe manufacturers, surface treatment companies and shearing service companies, etc., covering the associated industries including construction, manufacturing, people's livelihood and national defense industries. etc.. Correlation among up-stream, mid-stream, and down-stream segments in the industry is stated as follows:



3. Product development trends:

The development trend of the global stainless steel industry in 2025 will be driven by a number of factors, including technological innovation, environmental protection policies, global supply chain adjustments, and emerging market demand. The following is an in-depth analysis of the future trends of the industry:

(1) Green transformation and sustainable development:

a. Carbon neutrality target: Carbon tariffs (such as the European Commission's CBAM) will force enterprises to adopt low-carbon processes, such as steelmaking with hydrogenation, steelmaking with furnace (better recycling of waste steel), and the promotion of “green stainless steel” certification.

b. Circular economy: The recycling rate of stainless steel has reached 80% or more. In the future, the Company will further integrate the waste steel supply chain to reduce the reliance on native nickel and chromium, reduce production costs and environmental impacts.

c. Energy efficiency improvement: Smart production equipment (such as AI temperature control technology) will reduce energy consumption, while developing light weight stainless steel products (such as ultra-thin precision belt materials) to reduce the carbon footprint of end-use applications.

(2) Technology innovation and material upgrade:

a. Development of high-performance alloys.

b. Materials extreme environment resistant: For the fields of hydrogen energy and

nuclear power, the Company develops stainless steel that is resistant to hydrogenation, high temperature and high pressure (such as duplex steel and Super Austenitic Stainless Steel)

c. Functional surface treatment: The demand for nano-coating and antibacterial stainless steel (for medical and food processing) is increasing.

d. Digital manufacturing: The popularization of 3D printing technology promotes the application of stainless steel in complex structures (such as aerospace engine components, medical devices).

e. Smart Factory (IoT, Big Data) optimizes the manufacturing process, reduce waste of raw materials and improve the stability of quality.

(3) Global supply chain restructuring and regionalized production:

a. Geopolitic impact: Western countries promote the “friend-shoring” to reduce reliance on the supply chain in China. Southeast Asia (Indonesia, and India) may become the new base for the production of stainless steel as they have abundant nickel resources.

b. Overcapacity and trade barriers: China's stainless steel capacity accounts for 60% of the world. If its exports are subject to the European and US anti-dumping tariffs, enterprises will shift to the domestic market (such as new energy infrastructure) or emerging markets such as ASEAN the Middle East.

c. Regionalized production model: The “localized manufacturing” of the end-market is emerging. For example, European car manufacturers require the supply chain to be localized, which drives the development of regional stainless steel processing centers.

(4) Changes in the structure at the demand side:

a. New energy industry: The demand for battery casing and charging pile structures of electric vehicles is increasing (mainly 304 and 316L stainless steel). Hydrogen energy storage and transportation equipment (such as high-pressure hydrogen storage tanks) promotes the application of duplex stainless steel.

b. Infrastructure and urban renewal: The development of urbanization in emerging countries (such as India and Africa) drives the demand for stainless steel for construction. The renovation of the old pipeline network in developed countries (such as the U.S. Infrastructure Act) increases the demand for stainless steel pipes for water use.

c. Consumer upgrade: High-end home appliances (antibacterial, corrosion-resistant surfaces), smart home (integrated design) to promote the precision stainless steel thin sheet market.

(5) Raw material price volatility and supply risk:

a. Uncertainty of nickel price: The export policy of nickel in Indonesia (which may restrict the export of primary materials) and the demand for nickel from new energy cells will increase the cost of stainless steel.

b. Concentrated supply of iron and chrome: South African and Kazakhstan dominate the supply of chrome. The geopolitical conflicts or the logistics obstacles may lead to price fluctuations.

c. Competition for alternative materials: Aluminum alloys and carbon fiber are used to replace stainless steel in some fields (such as light weight cars) to force the industry to develop products with better cost-performance ratio.

(6) Policy and regulatory impacts:

a. Environmental standards are becoming more stringent: The REACH regulations of the European Union may restrict specific alloy elements (such as hexavalent chromium); the development of stainless steel with low or no chromium is promoted.

b. Emerging market policy: India's “Self-Dependence Project” and the tariff alliance in the ASEAN will affect the global trade flow of stainless steel.

(7) Conclusion: Key opportunities and challenges

a. Opportunity: The demand for high value-added products in the fields of new energy, medical and high-end manufacturing is booming; enterprises leading green

technology will dominate the market.

b. Challenges: carbon cost pressure, unstable raw material supply, and intensifying international trade frictions.

c. Strategic advice: Enterprises need to accelerate digitalization and low-carbon transformation, as well as deploy a waste steel recycling network. Monitor the investment in infrastructure in emerging markets and the opportunity for restructuring regional supply chain. Enhance cooperation with downstream industries (such as automotive and energy) to develop customized materials.

The stainless steel industry will enter a new stage of “quality upgrade” and “green competition” in 2025. Technology innovation and sustainable strategies will be the key to the breakthrough of enterprises.

4. Product competition:

There are many domestic shearing and processing center manufacturers domestically, which are of different scales and form a fragmented market, especially those identifying their target market as the domestic marketing. Large-scale shearing and processing centers are primarily oriented toward export sale. Benefited from the scale of economy, the market tends to be that the winner takes it all. Large-scale shearing and processing centers require considerable management abilities, and also wide land and factory premises. Considering that it is difficult to acquire land in Taiwan and the price is expensive, competitors will have to face a major barrier for acquisition of land. The Company was incorporated in 1987, primarily engaged in the business lines including stainless steel coil processing and sale. The Company's industry category constitutes a part of the iron & steel industry. For the time being, the domestic peers similar to the Company in products, capital and business scale and already listed on TWSE/TPEX primarily include Chain Chon (5014), Froch Enterprise Co., Ltd. (2030) and Sinkang (2032). The comparison in terms of business lines and operating revenue is stated as follows:

Unit: NTD thousand

Company Item	Yuen Chang (2069)	Chain Chon (5014)	Froch Enterprise(2030)	Sinkang (2032)
Main business lines	1. Stainless steel products 99.99% 2. Others 0.01%	1. Stainless steel products 99.91% 2. Others 0.09%	1. Stainless steel products 99.78% 2. Others 0.22%	1. Stainless steel sheet 99.93% 2. Others 0.07%
2024 Consolidated operating revenue, net	10,714,847	16,330,746	12,398,284	2,968,738

Source of data: Each company's 2024 consolidated financial statements or individual financial statements as audited and certified by CPAs.

(III) Overview of technology and R&D

1. R&D expenses invested in the most recent year and until the date of publication of the annual report:

Unit: NT\$ Thousand; %

Item	2024	Current year up to April 30, 2025
R&D expenses	19,990	4,902
To the operating revenue, net (%)	0.19	0.13

2. Technology or product developed successfully in the most recent year and until the date of publication of the annual report:

The Company's technology or product developed successfully in the most recent year includes the following:

Year	Technology or product developed successfully
2024	Development of thin titanium alloy sheet (0.12mm)
Current year up to April 30, 2025	316L12Ni: thickness 0.05mm, soft (BA surface, rough surface) and 1/4H (rough surface), 0.075mm, soft (BA surface, rough surface) and 1/4H (BA surface, rough surface)

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

1. Mid- and long-term business development plan:
 - (1) Strengthen the introduction of automation and improve working environment, launch into other steel markets, and integrate both upstream and downstream segments.
 - (2) Act in response to potential customers' layout direction, look for potential products, and stabilize the future product export.
 - (3) Strengthen the improvement of stainless steel production process, increase the width and have the R&D oriented toward high-value-added products.
 - (4) Establish good communication and education & training to improve employee benefits and protection.
 - (5) Adopt resilient procurement strategies to make the price of raw materials more adapted to the market and mitigate the operational and procurement risks.
2. Short-term business development plan:
 - (1) Make good use of the strength in bonded tax, adopt direct export and avoid anti-dumping.
 - (2) Strive to be stable, reduce inventory and increase inventory turnover.
 - (3) Improve the impact posed by the process operations to the environment, so as to achieve zero pollution and zero impact.
 - (4) Verify the nickel price volatility and keep in touch with the banking sector.
 - (5) Promote renewable energy and lease solar plates to generate power.
 - (6) Practice the green procurement and promote 5S to upgrade the Company's entire operations.

II. Overview of market, production & sales

(I) Market analysis

1. Territories where the main products are sold:

Unit: NT\$ Thousand; %

Territory \ Year	2023		2024	
	Amount	Percentage	Amount	Percentage
Asia (Note)	4,404,610	37.21	3,956,010	36.92
Americas	3,595,451	30.37	3,425,599	31.97
Taiwan	3,152,899	26.63	2,529,432	23.61
Others	684,892	5.79	803,806	7.50
Total	11,837,852	100.00	10,714,847	100.00

Note: excluding revenue from Taiwan.

2. Market share of the product:

The Company's main product is the stainless steel coil. The sales thereof accounts for more than 90% of the Company's overall operating revenue. Therefore, the industry in which the Company is engaged in is categorized into the iron & steel industry upon evaluation. Except said peers and the Company, the other dealers engaged in iron & steel products domestically are mostly small-size or medium-size enterprises which generate the output value considered not huge. According to the industrial production index-product statistics gathered by the Department of Statistics, MOEA, the sales of cold/hot-rolled stainless steel coils were NT\$91.938 billion in 2024. The operating revenue identified in the Company's 2024 parent company only financial statements was NT\$7,880,350 thousand and, therefore, the domestic market share was presumed to be 8.57%.

Unit: NTD thousand

Company		Yuen Chang (2069)	Chain Chon (5014)	Froch Enterprise(2030)	Sinkang (2032)
Item					
2024 (Parent company only financial statements)	Operating Revenue	7,880,350	2,288,014	9,042,232	2,968,738
	Domestic market share (Note)	8.57%	2.49%	9.84%	3.23%

Source of data: Each company's financial reports as audited and certified by CPAs.

Note: The industrial production index-product statistics gathered by the Department of Statistics, MOEA

3. Future market demand and supply, and market's growth potential:

With the increasing awareness toward global environmental protection, the characteristics of stainless steel, such as heat resistance, anti-corrosion and recyclability, coupled with the introduction of new production technology and expanded output of stainless steel, have caused the cost to keep declining. Therefore, high-quality stainless steel materials are replacing low-end iron & steel materials or plastic materials increasingly, and applied to various fields of life extensively. The stainless steel industry is expected to have certain development potential in the future.

4. Competitive niche:

(1) Optimization of production technology to improve quality:

The Company keeps improving the production technology level. In addition to improving and upgrading the production skills and procedures, the Company also carries out shearing of stainless steel coils in consideration of product optimization, in order to reduce any unnecessary waste. Meanwhile, the Company adopts the incentive system to stimulate employees' work efficiency to enhance the production stability.

(2) Stable marketing channels:

The Company has developed the stainless steel industry thoroughly for more than three decades. In recent years, it has kept moving towards the international market. It strives to keep the original customers and also develop customers in emerging countries, in order to disperse the Company's business risk. For this, the Company recruits and trains excellent talents engaged in foreign trade, hoping to acquire diversified marketing channels. So far, the Company's marketing channels have grown significantly.

(3) Establish close cooperative relationship with suppliers:

The stainless steel materials account for more than 90% of the product costs. Therefore, the control over stable and fine-quality source of supplies is a factor critical to the industry. For the time being, the Company's up-stream suppliers in Taiwan are primarily the three one-stop factories including Tang Eng, Walsin and YIEH UNITED STEEL, in addition to the cold roll factories including CHIEN SHING STAINLESS, Tung Mung, Chia Far and Yuan Long Stainless.

The Company maintains a long-term supply relationship with major stainless steel materials suppliers, and acts in response to the supplier's market management strategy, in order to reduce the total costs and also satisfy down-stream dealers' immediate needs, thereby shortening the time spent in delivery to customer and mitigating the effect posed by fluctuations in the steel price or foreign exchange rate. Besides, the iron & steel industry is subject to the competition conditions, such as the scale of economy. The Company happens to have the strength in the cost of raw materials, production efficiency and product quality.

(4) Integrate the cross-strait resources to become more competitive:

At the very beginning, the Company chose Taiwan as its major production location. In December 2011, the Company acquired Surwin Global Limited (HK) and Ningbo Qiyi Precision Metals Co., Ltd. Indirectly via the investee, Qiyi Precision Metals Co., Ltd.. Since China has become the global largest production location of stainless steel materials with the strength in stable supplies, the Company will continue to develop localized customer services in China, in order to join the red supply chain.

(5) Sound E-systems:

In order to reduce management costs, the Company utilizes the ERP informatization management to construct the wireless network at factory premises, use mobile devices and Apps to facilitate the rapid circulation of the Company's information and timely communication of any messages, thus improving the management efficiency and cut the business costs. Meanwhile, in order to improve the exchange between the Company and customers, the Company invests capital in online marketing platforms to provide customers with more direct and rapid services. The Company aims at the international market, develops a larger global customer base and also improve its high-level competitiveness at the same time.

(6) Establish bonded factories:

The iron & steel industry is under protection by multiple tariff barriers in various countries all over the world for the time being. The Company owns higher export sale ratio; therefore, if it establishes bonded factories, it may mitigate the burden of capital and cut the costs, and become more competitive than the other local manufacturers.

5. Positive factors and negative factors to the development outlook:

(1) Positive factors:

A. Continuing growth of market demand

The market development and product development of stainless steel have gradually expanded and improved as a result of changes in the social environment and development of customer needs. The characteristics, such as outstanding “anti-corrosion” and “designability” subject to purpose of stainless steel have made huge contributions to human life. Meanwhile, there is still the room for development and huge development value of it in the future. Given China, India and emerging countries keep promoting infrastructure projects, the demand for stainless steel appears to grow significantly and rapidly in the future and, therefore, may drive the growth of the stainless steel industry.

B. With the increasing awareness toward environmental protection, the product application scope is extensive.

In order to suppress generation of carbon dioxide, more stainless steel with excellent heat resistance, high temperature resistance and corrosion resistance will be applied to high-temperature garbage incinerators, liquid natural gas power generators, and high-efficiency power generators that use coal. Meanwhile, electric vehicles will be made more practical in this century; therefore, it is expected that more stainless steel will be applied to automotive batteries. Especially, in terms of water quality protection, water pipes and water treatment devices equipped with excellent anti-corrosion stainless steel will be adopted by more people.

C. In consideration of the industry’s high capital-intensive characteristics, it requires high barrier to entry.

It is necessary for the iron & steel industry to invest considerable capital in acquisition of land and design and installation of factory premises and machinery & equipment. Therefore, it is identified as a capital-intensive industry.

D. The effect posed by the economic cycle to products is limited.

Stainless steel products are applied extensively. The industries including petrochemical industry, construction industry, automobile industry, people’s livelihood industry and national defense industry all tend to make use of the characteristics of stainless steel for different purposes. In consideration of the dispersed applications of the industry, except the systematic risk, such as economic contraction, it is not likely to encounter the circumstance that multiple industries bottom down at the same time, and there is no risk over low and peak seasons or products subject to significant fluctuations of customers or sales industries resulting from the supply to only one single industry. Besides, the market growth in China drives various industries to grow relatively and be applied more extensively. The demand for stainless steel grows accordingly.

(2) Negative factors:

A. Difficulty in employment of workers and costs increasing year by year.

Following the industry relocation and increasing loss of talents in the traditional industries, as well as the crowding out effect caused by high-tech industries, in order to deal with said circumstances, the Company will not only improve employee benefits, but also strengthen the implementation of automation and improvement of environment at the same time when it is upgrading the industry and continue to develop high value-added products.

Responsive measures:

The Company and its subsidiaries keep improving the production process and workmanship, and adopt the reward and punishment system to reduce re-work and unnecessary manpower consumption, in an attempt to improve the production efficiency, eliminate the cost pressure from increasing wages, establish a good communication channel with employees, and strengthen personnel management. It improves the employee benefits, and also establishes the sound education & training mechanism and integrate data system platforms' applications to prevent the loss of key human resources, and continue to improve the operating system's automation and working environment.

B. The drastic fluctuations in the raw material price affect the cost controls.

For the time being, the global stainless steel market still tends to identify the 300 series as the mainstream. The stainless steel product with high nickel contents is affected by the international quotes significantly and subject to huge cost volatility.

Responsive measures:

The Company shall establish the long-term fair interactive relations with upstream suppliers to mitigate the impact posed by the volatility in the price of raw materials and supplies, ensure the stability of supply, verify the raw materials and supplies price development precisely and take responsive measures immediately. Meanwhile, the Company shall use the best efforts to develop the market of stainless steel with low nickel content.

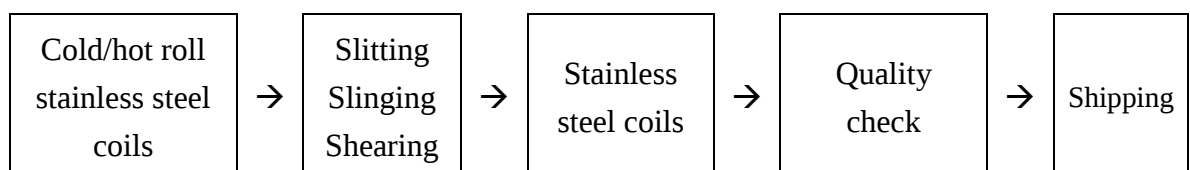
(II) Important purposes and production processes of main products

1. Important purposes of main products:

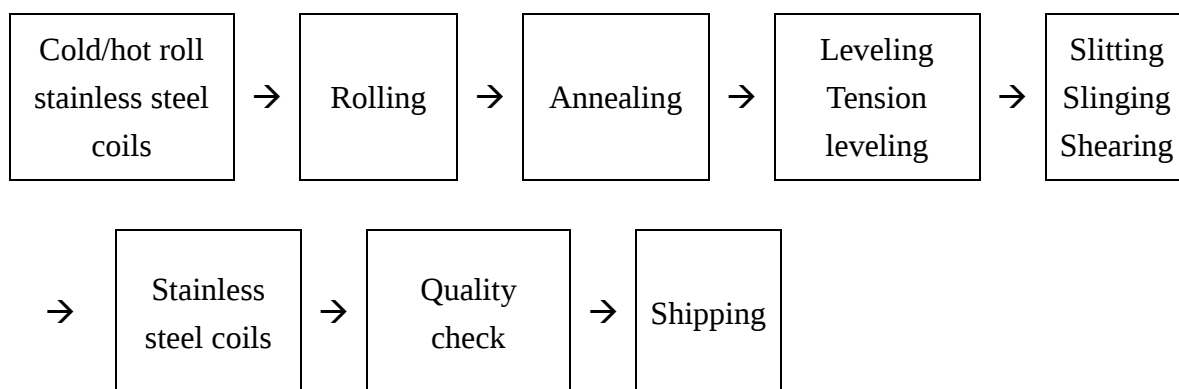
Items	Purpose
Stainless steel coils	Chemical tanks, pipes (structural pipes), hardware accessories, food industry, medical equipment, kitchen utensils, construction & decoration, home appliances, environmental protection industry, computers, communications, and consumer electronics and auto industry.

2. Production process:

(1) Taiwan-based parent company



(2) Subsidiary in China:



(III) Supply of key raw materials

Key raw materials	Suppliers	Supply status
Stainless steel coils	Company A, CompanyB, Company C, Company D	Fair and stable

(IV) A list of any suppliers (customers) accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the most recent two years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each:

1. A list of any suppliers (customers) accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the most recent two years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each: Name of supplier representing more than 10% of total purchases in any of the previous two years:

Unit: NT\$ Thousand; %

Item	2023				2024			
	Title	Amount	Percentage in the annual net purchase amount %	Relationship with the issuer	Title	Amount	Percentage in the annual net purchase amount %	Relationship with the issuer
1	Company A	2,833,093	26.96	None	CompanyB	3,039,028	32.40	None
2	CompanyB	2,737,336	26.05	None	Company A	2,832,019	30.19	None
3	Company C	1,712,117	16.29	None	Company C	1,321,193	14.08	None
4	Company D	1,277,110	12.15	None	Company D	841,738	8.97	None
	Others	1,948,162	18.54	-	Others	915,864	14.36	-
	Net purchase	10,507,818	100		Net purchase	8,949,842	100	

Note: If the contract requires that the supplier representing more than 10% of total purchases in the current year, if any, shall

not be disclosed, or if the trading counterparty is an individual and also non-related party, the supplier or trading counterparty may be identified by code instead.

Explanation on ratio changes:

There is no major difference in the main suppliers between 2023 and 2024.

2. Name of customer representing more than 10% of total sales in any of the previous two years:

The Company had no customers representing more than 10% of total sales in the latest two years.

III. Number of employees, average service seniority, average age, and academic background distribution ratio in the latest two years and until the date of publication of the annual report

Unit: person; %

Year		By the end of 2023	End of 2024	2025 up to April 30
Number of employees	Direct	285	374	372
	Indirect	344	214	217
	Total	629	588	589
Average Age		36.23	37.76	38.13
Average service seniority		6.88	8.26	8.40
Academic background distribution ratio	Master's/doctorate degree	4%	4%	4%
	Bachelor degree	33%	32%	32%
	Senior high school and below	63%	64%	64%

IV. Information about the expenditure of environmental protection

Describe any losses suffered by the Company in the most recent two fiscal years and up to the date of publication of the annual report due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental protection inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclose an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

(I) Any losses suffered by the Company due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental protection inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions): None.

(II) An estimate of possible expenses that could be incurred currently and in the future, and responsive measures: None.

V. Labor relations

(I) The Company's employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests.

1. Employee benefit measures:
 - (1) Bonus: Year-end bonus, remuneration to employees, production bonus, sales bonus and business bonus.
 - (2) Gift money: Gift money for wedding, gift money for childbirth, gift money for birthday, gift money for three major festivals, gift money for service seniority, consolation money for hospitalization, and consolation money for funeral.
 - (3) Catering services: Employees may use rice steamers, microwave ovens, electric cookers and coffee machine provided by the Company. The Company also provides desserts and snacks at teatime each month. Employees are granted the allowance for staff party, as the Company wishes to enhance the exchange among colleagues.
 - (4) Day care center and breastfeeding room: The Company executes the contract with the kindergarten to provide employees with preferential measures if they send their children to the kindergarten. A heartwarming breastfeeding room is also made available to employees who need to breastfeed children.
 - (5) Subsidies: The Company provides disaster subsidies. Employees are granted subsidies for natural disaster. Meanwhile, the continuing education subsidies are granted in order to encourage to attend continuing education.
 - (6) Healthcare: In addition to labor and national health insurance programs, the Company maintains the employee group medical and accident insurance programs additionally, in order to protect employees. The Company implements employee health checkup, provides on-site healthcare professionals' services every year, conducts health checkup analysis and management, prevention of occupational diseases and health promotion.
 - (7) Leisure category: The Company will organize local and overseas tours and one-day tours from time to time, in order to have employees feel relaxed physically and mentally.
2. Employees' continuing education and training:

Subject to employees' job requirements and in consideration of the Company's future business condition, the Company implements internal and external in-service training to improve the employees' principal occupational learning and their work efficiency.
3. Employees retirement system and implementation status:
 - (1) Any employee may apply for voluntary retirement under any of the following conditions: where the worker attains the age of fifty-five and has worked for fifteen years; where the worker has worked for more than twenty-five years; where the worker attains the age of sixty and has worked for ten years.
 - (2) Pension payment standards: Two bases are given for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The length of service is calculated as half year when it is less than six months and as one year when it is more than six months.
 - (3) The contribution ratio and contribution status of the new and old systems: Employees who choose the old system shall contribute 2% of their monthly salary in accordance with the law. After the full amount of retirement funds for employees under the old system stipulated by the Ministry of Labor is calculated each year, the difference in retirement reserve funds shall be made up in March

each year. In 2021, in accordance with Article 11, Paragraph 3 of the Labor Pension Act, after employees choose to apply the new system of the Labor Pension Act, the Company shall settle the employees' years of service in the Company before the enactment of the Act in a manner not less than that of Article 55 and Article 84-2 of the Labor Standards Act. Therefore, the company intends to apply to the local labor administration unit to settle the special account and collect the remaining amount. All employees who started working after July 1, 2005 shall contribute 6% of their retirement funds to their personal retirement accounts every month in accordance with the law.

- (4) Procedures and conditions for an employee's application for retirement: The employee who applies for retirement voluntarily shall complete the retirement application form within the period of advance notice for the resignation, and the resignation shall become effective only upon approval. The employee whose application for retirement is approved may receive the pension fund in full within 30 days upon completion of the resignation procedures.
- (5) For the companies in China: Pay the social security insurance premium (covering medical care, maternity, pension, occupational injury and unemployment) according to the local social security insurance operating procedures. After the Company enrolls the employees to the social security insurance program, the Company is held already starting to perform the obligation to pay the endowment insurance.

4. Status of labor-management agreements and measures for preserving employees' rights and interests:

In order to maintain the labor-management relations, the Company complies with various laws and regulations, preserves employees' interest and right, and also convenes the labor-management meetings on a quarterly basis. Before implementing various important policies, the Company would communicate with employees sufficiently to verify the employees' needs, in order to seek the employees' support to create a win-win situation and amicable labor-management relations.

- (II) Describe any losses suffered by the Company in the most recent two fiscal years and up to the date of publication of the annual report due to labor-management disputes (including any violations of the Labor Standards Act found in the labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclose an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.

VI. Cyber security management

- (I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

1. Cyber security risk management framework:

The Company's MIS is the unit responsible for the information security. The information manager is responsible for overall planning about information security management policies. Meanwhile, the Company delegates the information security personnel to promote information security-related operations, provides information security messages and awareness campaign to improve the security of business operations, and convenes the information security meetings from time to time each year to review and resolve information security and information protection policies and strategies to practice the effectiveness of the information security management policy.

2. The cyber security policy and concrete management programs:

In order to strengthen the cyber security management, ensure the availability, completeness and confidentiality of information, and prevent internal and external intentional or accidental threats, the cyber security policies and management methods may be divided into the following six categories:

(1) Computer equipment security management

The Company's hosts and application servers are installed in a dedicated control room which is equipped with the uninterrupted power supply system to avoid system down caused by any unexpected power outage, and to ensure that the unexpected power outage would not interrupt the computer application system's operation. The control room is equipped with an independent air conditioner to keep the computer equipment operating under the environment at appropriate temperature, and also a carbon dioxide fire extinguisher that can put out the fire caused by the general or electrical appliances.

(2) Network security management

Improve the network controls, install the enterprise-level firewall at the portal with external networks to stop hackers' illegal intrusion, and block the access to harmful URLs and contents or those denied by policy, strengthen network security to prevent bandwidth resources from misappropriation; any colleague who needs to log in to the Company's intranet access system from any external network shall apply for a VPN account via which he/she may be allowed to log in and access the intranet.

(3) Anti-virus management

The servers and terminal computer equipment are all equipped with endpoint protection software. The virus code will update automatically to ensure that the latest virus may be blocked, and it can detect and prevent the installation of any execution files that would pose potential threats. The mail server is also equipped with mail anti-virus and junk mails filtering mechanisms to prevent viruses or junk mails from accessing the user's computer.

(4) System access control

In order to access various application systems, the colleagues shall apply for approval from the responsible supervisors via the Company's internal system authority request procedure. After that, MIS will create their system accounts, and they may access the systems only upon receipt of the authority given by the system administrator subject to the functions they request. When any colleague applies for leave without pay or resignation, MIS shall be also notified to suspend the authority of access to the relevant account.

(5) Ensure the system's sustainable operation

Rent two data links from different telecommunications companies, and utilize the bandwidth management equipment to connect the two links in parallel as backup to keep the network communication uninterrupted. Construct the remote backup system to ensure that one copy of the system and database is stored by the Headquarters and the other copy stored in the control room of the Dafa factory premises; exercise the disaster recovery drill at least once per year to simulate

rapid recovery of the information system to the normal available state in case any abnormality occurs.

(6) Information security awareness campaign and education & training

Demand that colleagues should regularly change their system password to keep their accounts safe, and also organize the information security protection seminars and send information security protection-related materials from time to time, in order to improve employees' knowledge about information security protection and enhance their protection awareness.

3. Resources invested in the cyber security management:

- (1) Network hardware equipment: firewall, anti-virus and anti-hacking, junk mail filtering, and web switches, etc.
- (2) Software system: endpoint protection software, backup management software, VPN authentication and encryption software, etc.
- (3) Telecommunication service: multiple links and bandwidth load balancer.
- (4) Manpower: Daily check on system status and remote backup; in 2024, two message for information security awareness were distributed internally; one information security education and training was organized, six on-line and two off-line information security lessons were attended by the information security personnel, one system disaster recovery drills, as well as annual internal audits on information cycles and audits by CPAs.
- (5) Information security manpower: One information security officer and one dedicated staff, responsible for the framework design, information security maintenance and monitoring, information security incident response and investigation, and review on and amendments to information security policies.

- (II) List any losses suffered by the Company in 2024 and up to the publication date of the annual report due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be take: None.

VII. Important contracts

Contract nature	Contracting parties	Term of Contract (from MM/DD/YY to MM/DD/YY)	Main contents	Restrictive clauses
Investment cooperation agreement	Ninghai Economic Development Zone Administration	2016/08~2066/08	Transfer of the license to occupy the national land for construction	Industrial land in nature
Joint credit agreement	Syndicate consisting of 7 banks including E.SUN Bank, etc.	Date of execution: January 28, 2021 The credit period for each project is stated as follows: (I) Class A credit extension: From the first drawdown until expiration of five years. (II) Class B credit extension: From the first drawdown until expiration of five years.	The loan totaled NT\$850 million and US\$24 million. Class A credit extension: NT\$850 million, revolving credit line. Class B credit extension: US\$24 million, allowed to be drawn down in batches, not revolving credit line.	Financial ratio: 1. Current ratio [current assets/(current liabilities-long-term liabilities, current portion)]: at 100% or more. 2. Liability ratio (liability/tangible net worth): at 180% or less. 3. Minimum tangible net worth (net worth-intangible assets): NT\$2.5 billion or more.
Joint credit agreement	E.SUN Bank and E.SUN Bank (China)	Date of execution: November 25, 2021 The credit period for each project is stated as follows: (I) Class A credit extension: From the first drawdown until expiration of five years. (II) Class B credit extension: From the first drawdown until expiration of five years.	The loan totaled RMB170 million and US\$1 million (or equivalent Euro). Class A credit extension: RMB\$170 million, revolving credit line within specific time limit. Class B credit extension: US\$ 1 million or equivalent Euro, may be drawn in the revolving manner within the credit period.	Financial ratio: 1. Current ratio [current assets/(current liabilities less long-term loans, current portion)]: at 100% or more. 2. Liability ratio (liabilities/tangible net worth): 180% or less. 3. Minimum tangible net worth (net worth-intangible assets): NT\$2.5 billion or more.
Joint credit agreement	Syndicate consisting of 7 banks including E.SUN Bank, etc.	Date of execution: April 25, 2025 The credit period for each project is stated as follows: (I) Class A credit extension: From the first drawdown until expiration of five years. (II) Class B credit extension: From the first drawdown until expiration of five years. (Note: The syndicated loan is expected to be drawn down on May 12, 2025. The purpose is to repay the existing syndicated loan entered on January 28, 2021.)	The total credit facility is amounted at NT\$1.3 billion. Class A credit extension: NT\$650 million by issuing commercial paper, and the revolving mechanism is available. Class B credit extension: NT\$1.3 billion, and the revolving mechanism is available.	Financial ratio: 1. Current ratio [current assets/(current liabilities-long-term liabilities, current portion)]: at 100% or more. 2. Liability ratio (liability/tangible net worth): at 200% or less. 3. Minimum tangible net worth (net worth-intangible assets): NT\$2.5 billion or more.

Five. Review and Analysis on Financial Position and Business Performance, and Risk Management

I. Financial position

- (I) Please explain the main reasons for major changes in the Company's assets, liabilities and shareholders' equity, and the impact posed by them:

Unit: NTD thousand

Item \ Year	2023	2024	Variance	
			Amount	%
Current assets	4,009,800	4,516,929	507,129	12.65
Property, plant and equipment	4,286,058	4,257,768	(28,290)	(0.66)
Other non-current assets	383,385	396,977	13,592	3.55
Total Assets	8,679,243	9,171,674	492,431	5.67
Current liabilities	3,846,703	4,323,938	477,235	12.41
Non-current liabilities	1,054,649	844,169	(210,480)	(19.96)
Total liabilities	4,901,352	5,168,107	266,755	5.44
Share capital	1,663,868	1,663,868	0	0.00
Capital surplus	1,326,323	1,243,130	(83,193)	(6.27)
Retained earnings	1,005,467	1,230,865	225,398	22.42
Other equity	(217,767)	(134,296)	83,471	(38.33)
Total equity	3,777,891	4,003,567	225,676	5.97
1. Description about the analysis of increase/decrease: (only for the increase/decrease by more than 20% and by more than NT\$10 million before and after the period) (1) The increase in retained earnings of NT\$225,398 thousand in 2024 from 2023 is primarily a result of the profit in the current year. (2) The increase in other equity by NT\$83,471 thousand in 2024 from 2023 is primarily a result of the exchange difference on translation of subsidiaries' foreign currency financial statements. 2. Future responsive plan, if the impact is significant: None.				

II. Financial Performance

- (I) The main reasons for any material change in operating revenues, operating income, and income before tax during the latest two fiscal years

Unit: NTD thousand

Item \ Year	2023	2024	Increase (decrease) in amount	Percentage of change (%)
Operating Revenue	11,837,852	10,714,847	(1,123,005)	(9.49)
Operating Cost	11,425,845	9,679,325	(1,746,520)	(15.29)
Gross profit	412,007	1,035,522	623,515	151.34
Operating expenses	465,872	664,534	198,662	42.64
Net operating profit	(53,865)	370,988	424,853	(788.74)
Non-operating revenue and expenses	(147,619)	(118,081)	29,538	(20.01)
Profit before tax	(201,484)	252,907	454,391	(225.52)
Current net income	(149,149)	225,398	374,547	(251.12)
Other comprehensive income for the current period (net after tax)	(65,232)	83,471	148,703	(227.96)
Total comprehensive income for the current period	(214,381)	308,869	523,250	(244.07)

Description about the analysis of increase/decrease: (only for the increase/decrease by more than 20% and by more than NT\$10 million before and after the period):

- (1) The main reason is that the Company has been proactively adjusting its sales strategy and turned to the development of electronic industries engaged in products more profitable. Therefore, although the revenue in 2024 decreased by about 9% from the previous year, the gross margin has increased significantly from the previous year.
- (2) The main reason is that the export of the parent company of Yuen Chang accounts 60-70% of the sales, and the sea freight takes very high percentage in the marketing expenses. As the global sea freight expense in 2024 was significantly higher than that in 2023, the operating expense was significantly higher than that in 2023.
- (3) The increase in other comprehensive income by NT\$148,703 thousand in 2024 from 2023 is primarily a result of the exchange difference on translation of subsidiaries' foreign financial statements.

- (II) Expected sales volume for the future year and basis of estimate, and the possible effect upon the Company's financial operations as well as measures to be taken in response

1. Expected sales volume for the future year and basis of estimate:
Subject to the industrial environment and supply and demand in the market, and in consideration of the Company's own production capacity and business development, the Company set the target sales volume as 165,653 tons for 2025.

2. The possible effect upon the Company's financial operations as well as measures to be taken in response:

The Company expects that the stainless steel industry should be able to grow stably in the long run. Notwithstanding, the Company will keep watching the market demand and changes, and invest capital in R&D to increase the Company's earnings.

III. Cash flow

(I) Analysis on changes in cash flows

Unit: NTD thousand

Item	2023	2024	Increase (decrease)
Net cash inflow (outflow) from operating activities	(91,680)	(63,385)	28,295
Net cash inflow (outflow) from investing activities	(140,371)	(141,435)	(1,064)
Cash inflow (outflow) from financing activities	292,186	46,103	(246,083)
Analysis on increase/decrease:			
(1) The increase in the net cash inflow from operating activities is primarily a result of the losses suffered last year.			
(2) The decrease in the net cash inflow from financing activities as a result of the repayment of loans and corporate bonds in the current period, about NT\$831,190 thousand.			

- (II) Corrective measures against insufficient liquidity: The Company's capital is considered sufficient and, therefore, there is no concern about insufficient liquidity.

(III) Analysis on the liquidity of cash for the next year:

Unit: NTD thousand

Balance of Cash, Beginning A	Projected net cash flow from operating activities for the year B	Projected net cash flow from investing and financing activities for the year C	Expected cash surplus (deficit) A+B+C	Financing of projected cash deficits	
				Investment plans	Financing plans
145,982	450,299	(484,373)	111,908	-	-
Descriptions about the analysis:					
(1) Operating activities : The Company's operation keeps seeking profit and the cost and expenses are controlled adequately, so as to generate the net cash inflow from operating activities.					
(2) Investing and financing activities: The Company's repayment of loans and payment of dividends result in the net cash outflow.					

IV. Material capital expenditures in the most recent year and impacts on business/finance:

(I) Material capital expenditure utilization status and source of capital: None.

(II) Expected effects: None.

V. Causes of profit or loss incurred on invested businesses in the latest year and any improvements or investments planned for the next year

(I) The Company's investment policy

The Company's current investments include the investment in the indirect subsidiary in Ningbo, China via an investment holding company. With the efforts and hardworking through the past years, the investee in the mainland China has been on track. In the future, the Company will focus on the market demanding stainless steel in China, and will provide the products of consistent fine quality.

(II) Causes of profit gained from invested businesses in the latest year and any improvements or investments planned for the next year

Unit: NT\$ Thousand, unless otherwise specified

Investee	Accumulated outward remittance for investment (Note 1)	Major causes for profits or losses thereof	
		2023 investment income	Explanation
QIYI PRECISION METALS CO.,LTD	1,140,000	164,615	The Company has been proactively adjusting its sales strategy and turned to developing the electronic industries more profitable. Therefore, although the revenue in 2024 decreased by about 9% from the previous year, the income has increased significantly from the previous year.
Surewin Global Limited (HK)	US\$32,000 thousand	164,532	
Ningbo Qiyi Precision Metals Co., Ltd.	RMB\$235,709 thousand	163,975	

Note 1: The original investment amount of each investee.

(III) Investment plan for next year: None.

VI. Analysis and evaluation on risk issues

(I) Impact posed by interest rate, exchange rate, and inflation on the Company's earnings, and responsive measures

1. Changes in interest rate:

The interest rate on the long-term and short-term bank loans of the Company and its subsidiaries ranged from 1.82% to 5.83% in 2024. Since 2022, Fed has lifted the rate for many times. Notwithstanding, the lift rate range has been slowed down recently. Therefore, Fed is expected to suspend the lift rate in the future. The dedicated personnel from the Company's Finance Section will, regularly or irregularly, evaluate the bank loan interest rate, keep watching the changes in international and domestic financial markets, and make related information available to the sales representatives and procurement personnel. Meanwhile, it will keep in touch with banks to seek more favorable loan interest rate and sufficient facility.

2. Changes in foreign exchange rate:

The main markets of the Company and its subsidiaries cover Europe and the United States. Some of the Company's main raw materials, such as stainless steel strips, are purchased from foreign suppliers. Therefore, the offset between purchase and sale in the same currency may drive the natural hedge against changes in foreign exchange rate. The Company's exports and purchases have declined progressively recently. Therefore, the effect to be posed by changes in foreign exchange rate to the Company's income is mitigated relatively. In order to evade the effect potentially posed to the earnings by foreign interest rate volatility, the Company takes the following responsive measures:

- (1) Offset foreign-currency-denominated assets against foreign-currency-denominated liabilities, make the payment of imported goods with the foreign-currency-denominated payment received for the export directly to reduce the exchange difference generated from transactions in foreign currency.
- (2) Collect the information about changes in foreign exchange rate and verify the foreign exchange trends sufficiently, in order to decide the timing to convert the foreign currency into NTD, or retain it in the foreign exchange account.
- (3) Improve the product quality and the value-added value thereof, and adjust the selling price to reflect costs in a timely manner in the case of foreign exchange rate volatility.

3. Inflation:

The Company and its subsidiaries have not yet suffered any significant impact to the income due to inflation by the date of publication of the annual report. The Company will keep observing the commodity price volatility in the market and develop the sources of raw materials and supplies, in an attempt to cut the production cost and also to maintains fair relations with customers to reflect the production costs to customers in a timely manner. Therefore, this could help mitigate the effect posed by inflation to the Company's earnings effectively.

- (II) Policies on high-risk and highly leveraged investments, loans to third parties, endorsements/guarantees, and derivatives trading, main causes of profit or loss incurred and future responsive measures

The Company insists on focusing on its core profession and following the practical principles in the business management. The Company also adopts the stable financial policy and refrains from engaging in any high-risk or highly leveraged transactions. The financial derivatives trading is intended for the purpose limited to hedge. There was no matured hedging trading at the end of 2023. Further, the loaning of funds to others and making of endorsements/guarantees, if any, shall be carried out in accordance with the "Operating Procedure for Loaning to Others" and "Operating Procedure for Making of Endorsements/Guarantees," in order to mitigate potential risks.

- (III) Future R&D plans and R&D expenses to be invested

1. Considering that the Company manufactures stainless steel products, the future R&D plan will focus on improvement of quality and production process. The Company has delegated dedicated personnel to take charge of the relevant R&D operations.
2. R&D expenses to be invested:

Unit: NTD thousand

R&D plan	R&D expenses to be invested in 2025
Development of thin titanium alloy sheet (0.08mm)	20,000

Development of 4J36 nickel-based alloy thin sheet (0.015-0.05mm)	20,000
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(IV) Impact on the Company's business and finance due to changes in domestic or foreign policies and laws, and responsive measures

The Company always carries out its business in accordance with the ethical management principles and also laws and regulations promulgated by the relevant domestic/foreign governments and agencies. The Company carries out business according to the existing laws and regulations. Meanwhile, the Company keeps watching the domestic and foreign important policy orientation, formulation of the policy, legislative history and detailed contents related to the Company's operations, and take the initiative to propose responsive measures in a timely manner. No impact has been posed by changes in domestic or foreign policies and laws on the Company's business and finance by the date of publication of the annual report.

(V) Impact posed to the Company's business and finance, and response measures, in the event of technological changes (including cyber security risk) or industrial changes

The new technology and new application development is a challenge and also an opportunity for industrial development. The Company will continue to deepen the application of information technology. Among the other things, the Company will continue to research and develop the optimization of the Enterprise Resource Planning (ERP) system independently, improves production and manufacturing conditions to increase production capacity and yield rate via the SFC. To respond to the increasingly severe human resources shortage, the multi-lingual production system with Indonesian version is developed to foster the foreign employees to learn the operation, improve the productivity, as the mitigation of labor shortage.

The Company has commissioned a professional information security consulting company to implement information security vulnerability testing for servers and important information security equipment, and conduct social engineering drills and education and training. Regularly implement information security promotion internally to all colleagues throughout the Company, and fix the vulnerabilities in the server operating system, including system remote backup and disaster recovery drills, as well as the real-time updates and control for the system security of mails, firewalls, netcom devices and anti-virus system, to avoid abnormal attacks from any third parties that would cause paralysis of the Company's operations.

The Company has adopted the information security management system since December 2024. The Company expects to obtain the ISO 27001:2022 information security management certification in the fourth quarter of 2025, to improve the information security protection capability, enhance the corporate image, optimize internal management, and establish a continuous information security standard for improvement.

(VI) Crisis management, impacts, and responsive measures in the event of a change in corporate identity

Since the Company was established, it has always complied with related laws and regulations, strengthened internal management and improve management quality and performance proactively, and maintained the amicable labor-management relations to keep the excellent corporate identity. Therefore, no impact has been posed to the Company's corporate identity in the most recent year and by the date of publication of the annual report.

(VII) Expected benefits and possible risks of merger and acquisition, and responsive measures

The Company has had no plan to merge and acquire other companies in the most recent year and by the date of publication of the annual report. In the event of any event or plan involving merger and acquisition, the Company will follow various operational requirements and perform evaluation on the relevant effects and risk controls with care, in

order to protect the Company's interest and shareholders' equity.

(VIII) Expected benefits and possible risks of facilities expansion, and responsive measures

The Company will adopt the optimal business strategies to carry out the production capacity expansion plan or adjust production, subject to customers' needs, supply and demand in market and source of capital. Notwithstanding, the Company has no factory expansion plan for the time being.

(IX) Risks and responsive measures associated with concentrated purchases or sales

1. Concentrated purchase:

In consideration of the industrial characteristics, the Company purchases raw materials from major suppliers centrally, primarily in order to control the stable source of raw materials and fine and reliable quality. Meanwhile, the major suppliers have worked with the Company for a long term and, therefore, the Company is able to acquire the raw materials at reasonable cost. The Company also uses the best effort to increase the sources of raw materials and supplies in different territories, in order to seek more diversified and resilient sources of raw materials. Therefore, the risk over concentrated purchases is under the Company's control actually.

2. Concentrated sales:

In recent years, the Company's sales to any single customer didn't exceed 10% of the annual operating revenue, net. Meanwhile, in consideration of the risk control, the Company maintains long-term cooperative relations with the existing customers, and also develops new customers proactively, in order to increase the dispersion of customers and expand the dispersed sources of business. The Company will also continue to evaluate customers' financial position regularly, in order to mitigate risks. Therefore, there should be no risk over concentrated sales.

(X) Impacts and risks associated with major transfer or exchange of shares by directors, supervisors, or major shareholders with more than 10% ownership interest, and responsive measures

By the date of publication of the annual report, there was no major transfer or exchange of shares by the Company's major directors or major shareholders with more than 10% ownership interest. Even if there was, it was conducted per the shareholders' personal wealth management plan, but no effect has been rendered to the Company's actual operations. Therefore, no material effect has been caused to the Company.

(XI) Impact and risks on the Company due to a change of the right of management, and responsive measures: None.

(XII) If there has been any material impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving any of the Company's directors, supervisors, General Manager, de facto responsible person, or major shareholders with a stake of more than 10 percent, and the matter was finalized or remained pending, in the most recent year and until the date of publication of the annual report, please disclose the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case until the date of publication of the annual report: None.

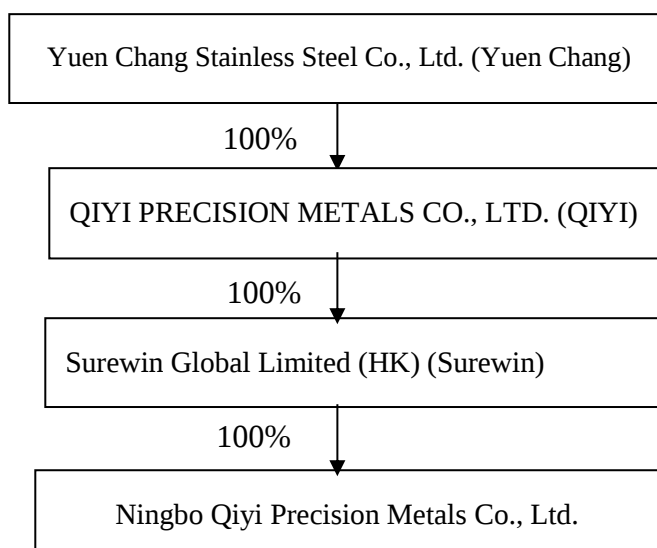
(XIII) Other major risks and responsive measures: None.

VII. Other important disclosures: None.

Six. Special remarks

I. Affiliated companies

(I) Affiliated companies' organizational chart



(II) Profile of Affiliated Companies

December 31, 2024; Unit: NT\$ Thousand, unless otherwise specified

Company Name	Date of Establishment	Address	Paid-in capital	Main Business or Production Lines
QIYI PRECISION METALS CO., LTD.	January 13, 2010 (2010.1.13)	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman, KY1-1208, Cayman Islands	480,000	Engaged in professional investment activities
Surewin Global Limited (HK)	May 16, 2008 (2008.5.16)	Room 1204, Yu Sung Boon Bldg., 107-111 Des Voeux Road Central, Hong Kong	US\$32,000 thousand	Engaged in professional investment activities
Ningbo Qiyi Precision Metals Co., Ltd.	February 15, 2001 (2001.2.15)	No. 2, Nanbin N. Rd., Binhai New Area in the south of Ningbo, Ninghai County, Ningbo City, Zhejiang Province, China	RMB\$500,297 thousand	Stainless steel shearing, splitting and cold rolling, processing and trading, and import & export of stainless steel products

(III) Information about the same shareholder presumed to have control and affiliation: None.

(IV) Explanation about business operated by all affiliated companies: stainless steel industry and

holding companies.

(V) Information about directors, supervisors, and General Manager of each affiliated company

Company Name	Job Title	Name or the Name of Representative	Shares held	
			Shares (thousand shares)	Shareholding %
QIYI PRECISION METALS CO., LTD.	Director	Yen Te-Ho (Representative of Yuen Chang)	48,000	100%
Surewin Global Limited (HK)	Director	Yen Te-Ho (Representative of QIYI)	32,000	100%
Ningbo Qiyi Precision Metals Co., Ltd.	Chairman Director Director Supervisor	Yen Te-Ho (Representative of Surewin) Yen Po-Chien (Representative of Surewin) Yeh Mei-Yun (Representative of Surewin) Chang Yun-Ching (Representative of Surewin)	Note	100%

Note: As Ningbo Qiyi Precision Metals Co., Ltd. is a limited company, it doesn't issue shares.

(VI) Overview of Business of Affiliated Companies

December 31, 2024; Unit: NT\$ Thousand

Company Name	Capital	Total Assets	Total liabilities	Net Worth	Operating Revenue	Operating Income (Loss)	Current income (after tax)	Earnings Per Share (NT\$) (after tax)
Yuen Chang Stainless Steel Co., Ltd.	1,663,868	6,675,348	2,671,781	4,003,567	7,880,350	105,762	225,398	1.35
QIYI PRECISION METALS CO., LTD.	480,000	2,678,760	-	2,678,760	-	(263)	164,615	-
Surewin Global	959,680	3,042,095	366,829	2,675,266	-	(121)	164,532	-

Limited (HK)								
Ningbo Qiyi Precision Metals Co., Ltd.	2,309,450	5,168,215	2,501,216	2,666,999	2,886,406	265,611	163,975	-

Note 1: If the affiliated company is a foreign company, its capital is converted into NTD at the historical exchange rate.

Note 2: If the affiliated company is a foreign company, the total assets and liabilities of it are presented in NTD converted at the foreign exchange rate prevailing on the reporting date. The operating revenue, operating income and current income are presented at NTD converted at the average foreign exchange rate in the current year.

(VII) Consolidated financial statements of affiliated companies

The companies to be included by the Company in the consolidated financial statement of affiliated companies in 2024 pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those to be included into the consolidated financial statements of the parent company and subsidiaries pursuant to the Statement of International Financial Reporting Standards (IFRS) No. 7. Further, the related information to be disclosed in the consolidated financial statement of affiliates has been disclosed in said consolidated financial statements of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statements of affiliated companies separately.

II. Private placement of securities in the most recent year and until the date of publication of the annual report: N/A.

III. Other supplementary information: None.

Seven. Any occurrences of events defined under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the most recent year up till the date of publication of the annual report that significantly impacted shareholders' equity or security price: None.

Yuen Chang Stainless Steel Co., Ltd.

Chairman: Yen Te-Ho



Headquarters

Address: 13 F., No. 235, Zhongzheng 4th Rd., Qianjin Dist., Kaohsiung City

Tel. No.: (07)969-5858 Fax No.: (07)968-5768

<http://www.yuenchang.com.tw>

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>