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YCINOX

2021

Annual Report

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https://www.ycinox.com
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https://mops.twse.com.tw

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V. Independent Auditors

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Website: www.deloitte.com.tw

VI. Overseas Securities Exchange

None.

VII. Corporate Website:

Website: www.ycinox.com

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I. A Letter to Our Shareholders

From 2021, the COVID-19 continues to spread, causing shipping costs to rise higher and higher. However, the United States has passed the infrastructure construction plan, leads the overall global demand to grow. Meanwhile, the raw material supply chain and the sale portfolio of product of the Company has been optimized in a timely manner, these all led to a substantial increase in profitability in 2021. In 2021, the total volume sold was increased by approximately 3.20% (compared to 2020), and sales were therefore increased by approximately 39.79%, while net income before and after income tax were increased by approximately 199.00% and 197.48% respectively.

Moreover, our Turkey mill has entered into the final stage of construction to be completed on time, its production activities are expected to start in the third quarter of 2022. By then, we will be able to supply local customers to avoid tariff barriers, also be able to make best global sales arrangements according to global stainless steel production and global supply/demand condition.

1.1 2021 Business Report

1.1.1 Operation Result:

Unit: NT$ thousands

Items	2021	2020	Variance	Variance (%)
Stainless Steel Tube and Pipe	9,478,885	6,841,412	2,637,473	38.55%
Stainless Steel Sheet and Coil	8,047,890	5,644,691	2,403,199	42.57%
Other Stainless Steel Products	251,144	231,049	20,095	8.70%
Total	17,777,919	12,717,152	5,060,767	39.79%

1.1.2 Budget Execution:

Unit: Metric Ton

Items	2021 Actual	2021 Budgeted (Note)	Achievement rate (%)
Stainless Steel Tube and Pipe	89,612	92,470	-3.09%
Stainless Steel Sheet and Coil	93,144	94,520	-1.46%
Other Stainless Steel Products	2,441	2,520	-3.13%
Total	185,197	189,510	-2.28%

Note: The updated 2021 annual budget of YC INOX have been adopted by the Board of Directors on December 24, 2021.

1.1.3 Condensed Financial Status and Profitability:

Unit: NT$ thousands

Items / Year		2021	2020
Financial Result	Operating Revenue	17,777,919	12,717,152
	Gross Profit	2,893,140	1,184,615
	Operating Income	1,389,221	464,629
	Net Income	1,260,047	423,567
Profitability	Return on total Assets (%)	7.99%	3.52%
	Return on shareholders' equity (%)	13.63%	5.12%
	Ratio of pre-tax income to paid-in capital (%)	39.19%	12.13%
	Profit margin (%)	7.09%	3.33%
	Earnings per share (dollar)	2.86	1.04

1.1.4 Progress in Research and Development:

YC INOX engages in stainless steel processing industry, its research and development focus on the improvement of processing techniques, machinery and equipment, and the efficiency of production processes. The Production Department is responsible for the research and development of processing techniques. Years been through, our process techniques are now very proficient. We continue to improve, achieving the goal of automatic production, such as the implementation of laser welding technology, automated pickling process with zero discharge, and automated warehouse systems, etc. Those are YC INOX's innovative technologies that outshine the industry, our product quality and our environmental protection plan are especially affirmed by our customers.

In order to make our products more popular in the market, and create high value-added products, we have made magnificent breakthroughs and achievements in stainless steel pipes manufacturing rate and stainless steel plate processing techniques. We believe that these achievements will be of great help and benefit to market development and cost reduction.

1.2 Summary of 2022 Business Plan

1.2.1 Operating Strategy

A. Development of high value-added products and improvement of processing techniques, to increase the competitiveness of our products.
B. Aggressively expand overseas emerging markets to diversify sales risks.
C. Improve production efficiency and quality, reduce manufacturing costs.
D. Strengthen the implementation of the internal control system to improve the management system.
E. Strengthen employee education and training to improve quality of employees and enhance the quality of work and performance.
F. Continue to promote sustainable development strategies and action plans, fulfill corporate social responsibilities, and achieve the goal of sustainable development.

1.2.2 2022 Budget

Unit: Metric Ton

Items	2022 Budget	2021 Actual	Growth Rate (%)
Stainless Steel Tube and Pipe	97,450	89,612	8.75%
Stainless Steel Sheet and Coil	115,190	93,144	23.67%
Other Stainless Steel Products	3,560	2,441	45.84%
Total	216,200	185,197	16.74%

Explanation:
As far as the industry is concerned, in 2021, under the continuous spread of COVID-19 and the influence of trade protectionism as well as tariff barriers in various countries, our exporting market is still facing severe conditions. Therefore, not only our turkey mill plans to supply our customers domestically as response, we also try to Increase the added value of our products. In the short term, we moderately optimize the product portfolio for the annual target sales volume to maximize profits.

1.2.3 Important Policies of Production and Marketing

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

Chairman: Chang, Chin-Yu

CEO: Chang, Chin-Yu

Chief Accounting Officer: Chang, Jung-Wei

II. Corporate Overview

2.1 Date of Incorporation: January 31, 1973

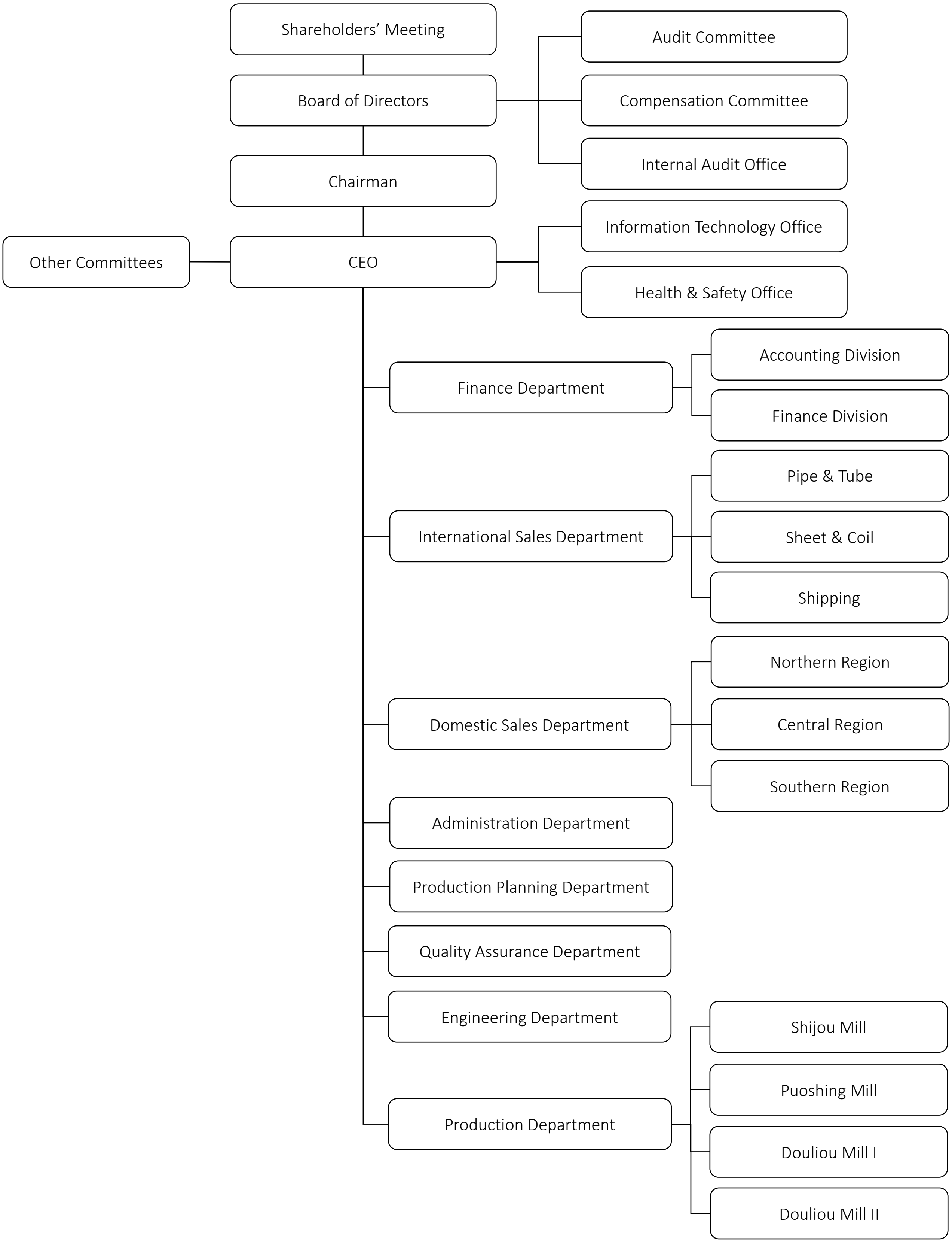
2.2 Corporate Profile

1973	YC was founded with initial production of welded pipes & Tubes.
1994	ISO 9002 certified.
1999	Listed in Gre Tai Securities Market (GTSM). Capital: NT$950 million
2001	Listed in Taiwan Stock Exchange Market (TPE: 2034).
2004	CR service center launched.
2005	HR service center launched. PED 97/23/EC & AD2000 certified by TUV.
2007	Douliou Mill I CR/HR service center launched. Laboratory management system certified by ILAC-TAF ISO 17025:2005 (Laboratory Accreditation Code:1894).
2009	ISO 14001 & OHSAS 18001 certified by TUV.
2011	JIS MARK certified by JQA. Implementation of laser welding technology.
2012	Rebranded as “YC INOX” from “Yeun Chyang”.
2014	CE MARK Construction Products Regulation (CPR) certified by TUV.
2015	ISO3834-2 certified by TUV. Bonded Factory in Douliou Mill I was established.
2016	Capital increased to NT$4.071 billion. NSF-61 certificated by NSF.
2017	YC INOX new trademark registered.
2019	YC INOX TR Celik Sanayi ve Ticaret A.S. established. Douliou Mill II welded pipe center launched. ISO 45001 certified by TUV.
2020	Capital increased to NT$4.371 billion.
2021	ISO 50001 certified by TUV. Capital increased to NT$4.446 billion.
2022	ISO 14064-1 verified by TUV.

III. Corporate Governance Report

3.1 Corporate Organization

3.1.1 Organization Chart



3.1.2 Function of Each Division

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

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

3.2.1 Directors:

A. Profile of Directors (I)

As of April 18, 2022

Title	Nationality	Name	Gender / Age	Date of Elected (Note 1)	Term (Years)	Date of First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor(s) Shareholding		Shareholding by Nominee Arrangement		Education Level and Major Experiences	Current Other Positions in YC INOX and Other Companies	Other Officer, Director or Supervisor who are Spouse or Relatives within Second Degree			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C	Chang, Chin-Yu	M 51-60	2021.08.23	3	1995.10.21	6,029,632	1.358	6,029,632	1.35	0	0	0	0	Department of Mechanical Engineering, Hwa Hsia University of Technology; CEO, YC INOX Co., Ltd.	CEO, YC INOX Co., Ltd. Chairman, Tai Chyang Investment Co., Ltd. Chairman(Representative), Ji-Mao Investment Co., Ltd. Chairman(Representative), YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	Director Director	Chang, Chin-Peng Chang, Po-Kai	Brother Son	Note 2
Director	R.O.C	Tai Chyang Investment Co., Ltd. Representative: Chang, Chin-Peng	M 51-60	2021.08.23	3	1996.12.31	59,909,508 30,000	13.71 0.01	59,909,508 30,000	13.45 0.01	— 0	— 0	— 0	— 0	Kuang-Hwa Vocational Senior High School of Technology; Deputy General Manager, Domestic Sales Department- Southern Region, YC INOX Co., Ltd	Deputy General Manager, Domestic Sales Department- Southern Region, YC INOX Co., Ltd	Chairman	Chang, Chin-Yu	Brother	
Director	R.O.C	Chin Ying Fa Mechanical Ind Co., Ltd. Representative: Shih, Sung-Lin	M 71-80	2021.08.23	3	2000.04.12	6,898,000 2,381,521	1.58 0.54	6,898,000 2,381,521	1.55 0.53	— 0	— 0	— 0	— 0	Elementary; Chairman, Taiwan Food & Pharmaceutical Machinery Manufacturers' Association.; Chairman, Chin Ying Fa Mechanical Ind. Co., Ltd.	Director, Chin Ying Fa Mechanical Ind. Co., Ltd. Director(Representative), Acelon chemicals & Fiber Corp.	NA	NA	NA	Note 3
Director	R.O.C	Hsieh, Ming-Hong	M 51-60	2021.08.23	3	2021.08.23	2,452,072	0.56	2,452,072	0.55	0	0	0	0	M.D., PhD. Institute of Medicine, Chung Shan Medical University	Chung Shan Medical University Hospital Chief, Department of Psychiatry.	NA	NA	NA	
Director	R.O.C	Chang, Po-Kai	M 21-30	2021.08.23	3	2021.08.23	2,370,264	0.54	2,370,264	0.53	0	0	0	0	Bachelor of Business Administration University of Portland Manager of General Manager office, YC INOX Co., Ltd.	Manager of General Manager office, YC INOX Co., Ltd. Director(Representative), Ji-Mao Investment Co., Ltd. Supervisor, Tai Chyang Investment Co., Ltd.	Chairman	Chang, Chin-Yu	Father	
Independent Director	R.O.C	Pan, Cheng-Hsiung	M 61-70	2021.08.23	3	2015.06.17	271,458	0.06	271,458	0.06	70,551	0.02	0	0	Master of Law, National Chengchi University Judge of Taipei District Court	Lawyer of Citadel Law Office; Independent Director, INTAI Technology Corp.	NA	NA	NA	
Independent Director	R.O.C	Chen, Tai-Shan	M 51-60	2021.08.23	3	2015.06.17	135,513	0.03	135,513	0.03	0	0	0	0	Master of Accounting, Guangzhou Jinan University; CPA Qualified Deputy General Manager, Taiwan Life Insurance Co., Ltd.	Independent Director, POJU International	NA	NA	NA	
Independent Director	R.O.C	Kuo, Chao-Sung	M 51-60	2021.08.23	3	2015.06.17	417,884	0.10	417,884	0.09	76,612	0.02	0	0	Bachelor of Cooperative Economics, National Chung Hsing University; Director, Jin Ding Securities	N / A	NA	NA	NA	
Independent Director	R.O.C	Chang, Wei-Lun	F 31-40	2021.08.23	3	2021.08.23	5,276	0	0	0	0	0	0	0	Bachelor of Accounting, National Taiwan University	CPA of CKH & W CPA Office	NA	NA	NA	

Note 1: The company has re-elected all directors at the Shareholders' General Meeting on August 23, 2021.

Note 2: The Chairman of the Company concurrently serves as the CEO for the purpose of improving operating efficiency and decision-making execution. However, in order to strengthen the independence of the board of directors, the Company is actively training promising person to succeed in the future. In addition, the Chairman of the Board of Directors closely communicates with the directors on current operating conditions and planning guidelines of the Company to implement corporate governance. In addition, the Company increase a seat of independent director while the Board of Directors re-election in 2021 to enhance the functions of the Board of Directors and strengthen the supervision. At present, we have implemented following specific measures:

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

Note 3: Mr. Shih, Sung-Lin was a natural person director from June 18, 2012 to August 22,2021, and was elected as a director representative of the legal person of Chin Ying Fa Mechanical Ind Co., Ltd on August 23, 2021.

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

As of April 18, 2022

Name of Juristic Shareholder	Major Shareholders of Juristic Shareholders	
	Name of shareholders	Shareholding Percentage(%)
Tai Chyang Investment Co., Ltd. (Note 1)	Chang, Chin-Peng	30.07
	Chang, Chin-Yu	24.04
	Chang, Po-Kai	21.62
	Chang, Shu-Ying	11.24
Chin Ying Fa Mechanical Ind Co., Ltd.	Chan Ying Investment Co., Ltd.	41.00
	Shih, Yu-Lung	19.00
	Shih, Yung-Che	19.00
	Shih, Sung-Lin	8.00

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

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

As of April 18, 2022

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

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

C. Profile of Directors (II)

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

Name	Professional qualification and experiences	Independence status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chang, Chin-Yu	Currently serves as the Chairman and CEO of the Company, who has many years of work experience in business, finance and corporate operation. He has been engaged in the stainless-steel industry for more than 30 years, and has the ability of operation management, marketing and strategic leadership. These are enough to lead the Company to achieve the goal of sustainable operation. Does not have any of the provisions of Article 30 of the Companies Act.	—	None

Name	Professional qualification and experiences	Independence status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chang, Chin-Peng	Currently serves as the deputy general manager in domestic sales department - southern region of the Company, he has more than 30 years of work experience in commercial and business, specializing in market strategy and has rich experience in promotion. Does not have any of the provisions of Article 30 of the Companies Act.	—	None
Shih, Sung-Lin	Founder of Chin Ying Fa Mechanical Ind Co., Ltd., he used to be the Chairman of the Taiwan Food and Pharmaceutical Machinery Manufacturers' Association. He has been in the industry for more than 40 years and has rich experience in management, marketing and innovation. Does not have any of the provisions of Article 30 of the Companies Act.	—	None
Hsieh, Ming-Hong	M.D., PhD. Institute of Medicine, Chung Shan Medical University. Used to be a psychiatrist at Changhua Christian Hospital; in 2000, he went to Duke University as a visiting scholar for one year; Used to be the secretary general of Taiwanese Society of Psychiatry, and is currently an assistant professor of the School of Medicine of Chung Shan Medical University and a psychiatrist of Chung Shan Medical University Hospital. Does not have any of the provisions of Article 30 of the Companies Act.	—	None
Chang, Po-Kai	Bachelor's degree of Business Administration University of Portland. Currently serves as manager in the general manager office of the Company. Proficient in strategic planning, possessing of international outlook and global market competition judgment, etc. Does not have any of the provisions of Article 30 of the Companies Act.	—	None
Pan, Cheng-Hsiung	Has been the chief lawyer of a law firm for more than 20 years. Was a judge of Taipei District Court, and holds a master's degree from the Law Institute of National Chengchi University. He is also an independent director of INTAI Technology Corp. Does not have any of the provisions of Article 30 of the Companies Act.	Be conformed to independence (Note)	1

Name	Professional qualification and experiences	Independence status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chen, Tai-Shan	Graduated from the Accounting Department of Fu Jen Catholic University, and obtained a master's degree in accounting from Guangzhou Jinan University in China. 2 years working experience in an international accounting firm; Served as an application reviewer for listing by the Listing Department of TWSE for 3 years. He has 16 years of working experience as deputy general manager of finance in a listed company, during which he has also served as director and supervisor of technology companies, construction companies, investment trust, venture capital and investment companies. CPA qualified, currently serves as an independent director of POJU International. Does not have any of the provisions of Article 30 of the Companies Act.	Be conformed to independence (Note)	None
Kuo, Chao-Sung	Has served as the director of securities companies for decades, and was the director of Polaris and Jin Ding Securities, and is proficient in related securities financial business. Does not have any of the provisions of Article 30 of the Companies Act.	Be conformed to independence (Note)	None
Chang, Wei-Lun	Bachelor’s degree of Accounting of National Taiwan University. As a CPA in CKH & W CPA Office, she has more than 10 years of practice experience. Does not have any of the provisions of Article 30 of the Companies Act.	Be conformed to independence (Note)	None

Note: Status of Independence is as follows:

(1) Not an employee of the Company or any of its affiliates.

(2) Not a Director or supervisor of the Company or any of its affiliates.

(3) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.

(4) Not a spouse, relative within the second degree of kinship or lineal relative within the third degree of kinship, of any of the managers stated in preceding paragraphs,

(5) Not a director, supervisor or employee of the companies with which the Company has a specific relationship.

(6) There was no remuneration for business, legal, financial or accounting services provided by the Bank or its affiliates in the last two years.

2. Diversity and Independence of the Board of Directors

(1) Diversity of the Board of Directors

Article 20 of Corporate Governance Best Practice Principles of the Company stipulates that the composition of the Board of Directors should consider diversity. Except that Directors who also serve as managers of the Company should not exceed one-third of the number of Directors, the Company should also consider its own operations, business models and development needs to nominate candidates. In order to formulate an appropriate diversity policy, it should include, but not be limited to the following two standards:

a. Basic conditions and values: gender, age, nationality and culture, etc.

b. Professional knowledge and skills: professional background (such as law, accounting, industrial knowledge, finance, marketing or technology), professional skills and industry experience, etc.

During the re-election of Directors of the Company in 2021, three new Directors have joined the Board of Directors, which made the Company achieving the goal of younger board members and more than half of the Directors are not concurrently served as employees or managers of the Company. At present, the Board of Directors of the Company has a total of 9 Directors, including 4 Independent Directors (1 female member). The proportion of Directors who concurrently served as employee is 33%, while the proportion of female directors is 11%, and the proportion of Independent Directors is 44%. The Directors each have professional backgrounds such as CPAs, lawyers and financial executives. 3 of the 4 Independent Directors are in their third term as Independent Directors; 2 Directors are over 61 years old, 5 Directors are under 60 years old, and 2 Directors are under 40 years old.

The Company focuses on the goal of sustainable operation, and will plan to move towards the goals of younger directors, also, the term of Independent Directors should not exceed three terms. In the future, when selecting Directors and Independent Directors, new candidates will be considered, and appropriate diversification policies should be formulated and implemented according to operation and development needs.

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

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

(2) Independence of the Board of Directors

a. The Board of Directors of the Company consists of 9 Directors, including 4 Independent Directors (44%).

b. There are 3 Directors (33%) with kinship relationships within the second degree, and the number of Directors does not exceed half of the seats, which complies with the provisions of Article 26-3, Paragraph 3 of the Securities and Exchange Act.

c. There are 3 Directors (33%) concurrently served as employees, which is less than 1/3 of all seats, which has achieved the purpose of supervision.

d. Currently the tenure of the 4 Independent Directors has not exceeded three terms.

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

As of April 18, 2022

Title	Nationality	Name	Gender	Date of Effective	Shareholding		Spouse & Minor(s) shareholding		Shareholding by Nominee Arrangement		Education Level and Experiences	Current Position with Other Company	Managers are Spouse or within two Degrees of Consanguinity Each Other			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
CEO	R.O.C.	Chang, Chin-Yu	M	1999.11.01	6,029,632	1.35	0	0	0	0	Department of Mechanical Engineering, Hwa Hsia University of Technology; CEO, YC INOX Co., Ltd.	Chairman, Tai Chyang Investment Co., Ltd. Chairman (Representative), Ji-Mao Investment Co., Ltd. Chairman (Representative), YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	Deputy General Manager of Domestic Sales Department-Southern Region Senior Manager of Domestic Sales Department	Chang, Chin-Peng Chang, Shu-Ying	Brother Sister	Note 1
Deputy General Manager of General Manager Office	R.O.C.	Chiu, Sheng-Yu	M	2020.10.01	123,850	0.03	0	0	0	0	Master of Department of Materials Science and Engineering, National Taiwan University; Technical Engineer, Whole World Trade Co. Senior Manager of Quality Assurance Department and Deputy General Manager of Production Department, YC INOX Co., Ltd.	N / A	N / A	N / A	N / A	
Senior Manager of General Manager Office	R.O.C.	Kuo, Yuan-Cheng	M	2020.10.01	0	0	0	0	0	0	Bachelor of Department of Business Administration, National Cheng Kung University Product Manager, Universal Scientific Ind. Co., Ltd.; Exporting Sales, Kenda Rubber Ind. Co., Ltd. Senior Manager of International Sales Department, YC INOX Co., Ltd.	Director (Representative), YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	N / A	N / A	N / A	
Deputy General Manager of Finance Department/ Chief Financial Officer	R.O.C.	Chan, Lieh-Lin	M	2008.03.01	570,000	0.13	0	0	0	0	Bachelor of Accounting, Fu Jen Catholic University; Manager of Administration Department, Ming Yang Traffic Facilities Co., Ltd. Senior Manager of Finance Department, YC INOX Co., Ltd.	Director (Representative), Ji-Mao Investment Co., Ltd. Director, Gongwin Biopharm Holdings Co., Ltd. Deputy Chairman (Representative), YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	N / A	N / A	N / A	
Senior Manager of Finance Department / Chief Corporate Governance Officer	R.O.C.	Li, Wei-Li	F	2017.10.01	30,000	0.01	0	0	0	0	Department of International Business, Taiwan Provincial Taichung College of Business; Manager of Internal Audit Office, Chief Internal Auditors, Chief Accounting Officer YC INOX Co., Ltd.	N / A	N / A	N / A	N / A	
Assistant Manager of Accounting Division/ Chief Accounting Officer	R.O.C.	Chang, Jung-Wei	M	2021.05.07	8,000	0	0	0	0	0	Bachelor of Department of Accounting and Information Technology, National Chung Cheng University Assistant Manager of Deloitte Touche Tohmatsu Limited	Supervisor (Representative), Ji-Mao Investment Co., Ltd.	N / A	N / A	N / A	
Senior Manager of Domestic Sales Department	R.O.C.	Chang, Shu-Ying	F	2017.10.01	30,000	0.01	0	0	0	0	Yuanlin Senior High School; Manager of Domestic Sales Department, YC INOX Co., Ltd.	N / A	CEO Deputy General Manager of Domestic Sales Department-Southern Region	Chang, Chin-Yu Chang, Chin-Peng	Brother Brother	
Senior Manager of Domestic Sales Department-Northern Region	R.O.C.	Cheng, Chih-Hsien	M	2017.10.01	40,828	0.01	0	0	0	0	Department of Mechanical Engineering, Kuang Wu Industry Junior College; Manager of Domestic Sales Department Northern Region, YC INOX Co., Ltd.	N / A	N / A	N / A	N / A	
Deputy General Manager of Domestic Sales Department-Southern Region	R.O.C.	Chang, Chin-Peng	M	2021.08.01	30,000	0.01	0	0	0	0	Kuang-Hwa Vocational Senior High School of Technology; Senior Manager of Domestic Sales Department Southern Region, YC INOX Co., Ltd.	Director, Tai Chyang Investment Co., Ltd.	CEO Senior Manager of Domestic Sales Department	Chang, Chin-Yu Chang, Shu-Ying	Brother Sister	
Manager of International Sales Department Pipe & Tube	R.O.C.	Chang,Chia-Jung	F	2021.08.01	62,289	0.01	20,000	0	0	0	Bachelor of Department of Business Administration, National Taiwan University of Science and Technology; Assistant Manager of International Sales Department Pipe & Tube, YC INOX Co., Ltd.	N / A	N / A	N / A	N / A	
Manager of International Sales Department Sheet & Coil	R.O.C	Liao,Kuo-Ming	M	2022.03.01	3,000	0	0	0	0	0	Bachelor of Department of International Business, Tunghai University; Sales Manager, China Metal Products Co., Ltd.; Sales Manager, Whirlpower Enterprise Co., Ltd.; Sales Assistant Manager, Hsin Yung Chien Co., Ltd.	N / A	N / A	N / A	N / A	

Title	Nationality	Name	Gender	Date of Effective	Shareholding		Spouse & Minor(s) shareholding		Shareholding by Nominee Arrangement		Education Level and Experiences	Current Position with Other Company	Managers are Spouse or within two Degrees of Consanguinity Each Other			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Senior Manager of Administration Department	R.O.C.	Chen, Ping-Hsun	M	2019.10.01	80,552	0.02	0	0	0	0	Bachelor of Polymer Engineering Department, National Taiwan University of Science and Technology; Assistant Manager of Quality Assurance Department, Deputy Plant Manager of Shijou Mill and Manager of Administration Department, YC INOX Co., Ltd.	N / A	N / A	N / A	N / A	
Senior Manager of Production Department	R.O.C.	Wang, Chuan-Ming	M	2021.01.01	20,000	0	62,289	0.01	0	0	Bachelor of Chemical Engineering Department, Chung Yuan Christian University; Plant Manager of Mailiao Branch, FCFC	N / A	N / A	N / A	N / A	
Plant Manager of Douliou Mill I (Senior Manager)	R.O.C.	Chang, Han-Chou	M	2020.09.01	7,321	0	0	0	0	0	Master of Industrial Engineering and Management Department, National Yunlin University of Science and Technology Head of Quality Assurance, Chun Yuan Steel Industry Co., Ltd. Manager of Quality Assurance Department.	N / A	N / A	N / A	N / A	
Senior Manager of Production Planning Department	R.O.C.	Hsu, Chin-Chang	M	2020.06.01	82,763	0.02	63,315	0.01	0	0	Bachelor of Mechanical Engineering Department, National Taiwan University of Science and Technology; Section Supervisor, Chunghwa Picture Tubes, LTD.; Manager of Production Planning Department	N / A	N / A	N / A	N / A	
Senior Manager of Engineering Department	R.O.C.	Tsai, Tzu-Hsing	M	2021.01.01	30,000	0.01	0	0	0	0	Department of Industrial Management, Southern Taiwan University of Technology Deputy General Manager of Production Department, YC INOX Co., Ltd.	N / A	N / A	N / A	N / A	
Manager of Quality Assurance Department	R.O.C.	Chen, Chieh-Yi	M	2021.01.01	66,000	0.01	21,000	0	0	0	Bachelor of Institute of Industrial Engineering Department, National Formosa University; Assistant Manager of Quality Assurance Department, Deputy Plant Manager of Puoshing Mill and Plant Manager of Douliou Mill II, YC INOX Co., Ltd.	N / A	N / A	N / A	N / A	
Assistant Manager of Internal Audit Office/Chief Internal Auditor	R.O.C.	Hung, Hsiao-Hui	F	2020.01.01	47,713	0.01	0	0	0	0	Bachelor of Accounting Department, Shih Chien University; Section Manager of Accounting Division and Internal Audit Office, YC INOX Co., Ltd.	N / A	N / A	N / A	N / A	
Senior Manager of Information Technology Office	R.O.C.	Shen,Chun-Chi	M	2021.08.01	20,818	0	824	0	0	0	Master of Department of Information Management, National Taiwan University of Science and Technology; Manager of Information Technology Office, YC INOX Co., Ltd.	N / A	N / A	N / A	N / A	

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

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

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

3.3.1 Compensation of Directors (including Independent Directors)

Unit: NT$ thousands

Title	Name	Compensation paid to Directors								Sum of A, B, C, and D as a % of Net Income		Compensation Paid to Directors who are also Employees								Sum of A, B, C, D, E, F and G as a % of Net Income		Compensation Paid to Directors by Non-consolidated Affiliates or Parent Company
		Basic Compensation(A)		Severance Pay and Pension (B)		Remuneration (C)		Allowances (D)				Salary, Bonus, and Allowance (E)		Severance Pay and Pension (F)		Employees' profit sharing(G)						
																YC INOX		Consolidated Entities				
		YC INOX	Consolidated Entities	YC INOX	Consolidated Entities	YC INOX	Consolidated Entities	YC INOX	Consolidated Entities	YC INOX	Consolidated Entities	YC INOX	Consolidated Entities	YC INOX	Consolidated Entities	Cash	Share	Cash	Share	YC INOX	Consolidated Entities	
Director	Chang, Chin-Yu Tai Chyang Investment Co., Ltd. Chang, Chin-Peng Chang, Shu-Ying (Note 1) Chan, Lieh-Lin (Note 1) Chin Ying Fa Mechanical Ind Co., Ltd. (Note 2) Shih, Sung-Lin (Note 2) Hsieh, Tien-Shang (Note 1) Hsieh, Ming-Hong (Note 3) Chang, Po-Kai (Note 3)	—	—	—	—	22,607	22,607	330	330	1.82	1.82	23,554	23,554	216	216	12,519	—	12,519	—	4.70	4.70	42
Independent Director	Chen, Tai-Shan Pan, Cheng-Hsiung Kuo, Chao-Sung Chang, Wei-Lun (Note 3)	1,200	1,200	—	—	11,303	11,303	490	490	1.03	1.03	—	—	—	—	—	—	—	—	1.03	1.03	—

A. Please state the payment policy, standard and structure of the independent directors' compensation, and explain the relevance between the compensation and responsibility, risk, time spent, and other factors borne/devoted by directors:

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

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

The performance evaluation and reasonableness of compensation for directors were reviewed and approved by the Compensation Committee and the Board of Directors. The compensation system shall be reviewed from time to time in compliance with actual operating conditions and relevant laws and regulations, to pursue the balance between the Company's sustainable operation and risk control.

B. Except as disclosed in the table above, any compensation paid to the directors in the most recent year for their services provided to the consolidated entities (e.g. served as a non-employee consultant, etc.): none.

Note 1: Ms. Chang, Shu-Ying, representative director of Tai Chyang Investment Co., Ltd., Mr. Chan, Lieh-Lin, and Mr. Hsieh, Tien-Shang, have stepped down after the re-election on August 23, 2021.

Note 2: Mr. Shih, Sung-Lin has stepped down as an individual director, and appointed as a representative director of Chin Ying Fa Mechanical Ind Co., Ltd, a juridical director after the re-election on August 23, 2021.

Note 3: Mr. Hsieh, Ming-Hong, Mr. Chang, Po-Kai and Ms. Chang, Wei-Lun are newly-elected Directors after the re-election on August 23, 2021.

Compensation Interval Table

Intervals of compensation paid to Directors of the Company	Name of Directors			
	A+B+C+D		A+B+C+D+E+F+G	
	YC INOX	Consolidated Entities	YC INOX	Consolidated Entities
Under NT$ 1,000,000	Chang, Chin-Peng; Chang, Shu-Ying (Note 1)	Chang, Chin-Peng; Chang, Shu-Ying (Note 1)		
NT$ 1,000,000 (incl.) - NT$ 2,000,000 (not incl.)	Chin Ying Fa Mechanical Ind Co., Ltd. (Note 2); Hsieh, Ming-Hong (Note 3); Chang, Po-Kai (Note 3); Chang, Wei-Lun (Note 3)	Chin Ying Fa Mechanical Ind Co., Ltd. (Note 2); Hsieh, Ming-Hong (Note 3); Chang, Po-Kai (Note 3); Chang, Wei-Lun (Note 3)	Chin Ying Fa Mechanical Ind Co., Ltd. (Note 2); Hsieh, Ming-Hong (Note 3); Chang, Wei-Lun (Note 3)	Chin Ying Fa Mechanical Ind Co., Ltd. (Note 2); Hsieh, Ming-Hong (Note 3); Chang, Wei-Lun (Note 3)
NT$ 2,000,000 (incl.) - NT$ 3,500,000 (not incl.)	Chan, Lieh-Lin (Note 1); Hsieh, Tien-Shang (Note 1); Shih, Sung-Lin (Note 2)	Chan, Lieh-Lin (Note 1); Hsieh, Tien-Shang (Note 1); Shih, Sung-Lin (Note 2)	Chang, Shu-Ying (Note 1); Hsieh, Tien-Shang (Note 1); Shih, Sung-Lin (Note 2); Chang, Po-Kai (Note 3)	Chang, Shu-Ying (Note 1); Hsieh, Tien-Shang (Note 1); Shih, Sung-Lin (Note 2); Chang, Po-Kai (Note 3)
NT$ 3,500,000 (incl.) - NT$ 5,000,000 (not incl.)	Chen, Tai-Shan; Pan, Cheng-Hsiung; Kuo, Chao-Sung	Chen, Tai-Shan; Pan, Cheng-Hsiung; Kuo, Chao-Sung	Chang, Chin-Peng; Chen, Tai-Shan; Pan, Cheng-Hsiung; Kuo, Chao-Sung	Chang, Chin-Peng; Chen, Tai-Shan; Pan, Cheng-Hsiung; Kuo, Chao-Sung
NT$ 5,000,000 (incl.) - NT$ 10,000,000 (not incl.)	Chang, Chin-Yu; Tai Chyang Investment Co., Ltd.	Chang, Chin-Yu; Tai Chyang Investment Co., Ltd.	Chan, Lieh-Lin (Note 1); Tai Chyang Investment Co., Ltd.	Chan, Lieh-Lin (Note 1); Tai Chyang Investment Co., Ltd.
NT$ 10,000,000 (incl.) - NT$ 15,000,000 (not incl.)				
NT$ 15,000,000 (incl.) - NT$ 30,000,000 (not incl.)			Chang, Chin-Yu	Chang, Chin-Yu
NT$ 30,000,000 (incl.) - NT$ 50,000,000 (not incl.)				
NT$ 50,000,000 (incl.) - NT$ 100,000,000 (not incl.)				
NT$ 100,000,000 and above				
Total	14	14	14	14

Note 1: Ms. Chang, Shu-Ying, representative director of Tai Chyang Investment Co., Ltd., Mr. Chan, Lieh-Lin, and Mr. Hsieh, Tien-Shang, have stepped down after the re-election on August 23, 2021.
Note 2: Mr. Shih, Sung-Lin has stepped down as an individual director, and appointed as a representative director of Chin Ying Fa Mechanical Ind Co., Ltd, a juridical director, after the re-election on August 23, 2021.
Note 3: Mr. Hsieh, Ming-Hong, Mr. Chang, Po-Kai and Ms. Chang, Wei-Lun are newly-elected Directors after the re-election on August 23, 2021.

3.3.2 Compensation of CEO and Deputy General Managers

Unit: NT$ thousands

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Severance Pay and Pension (B)</th><th colspan="2">Bonus and Allowance (C)</th><th colspan="4">Employees’ profit sharing (D)</th><th colspan="2" rowspan="2">Sum of A, B, C, and D as % of Net Income</th><th rowspan="3">Compensation paid by Non-consolidated Affiliates or Parent Company</th></tr>
<tr><th rowspan="2">YC INOX</th><th rowspan="2">Consolidated Entities</th><th rowspan="2">YC INOX</th><th rowspan="2">Consolidated Entities</th><th rowspan="2">YC INOX</th><th rowspan="2">Consolidated Entities</th><th colspan="2">YC INOX</th><th colspan="2">Consolidated entities</th></tr>
<tr><th>Cash</th><th>Share</th><th>Cash</th><th>Share</th><th>YC INOX</th><th>Consolidated Entities</th></tr>
<tr><td>CEO</td><td>Chang, Chin-Yu</td><td rowspan="6">11,388</td><td rowspan="6">11,388</td><td rowspan="6">381</td><td rowspan="6">381</td><td rowspan="6">17,948</td><td rowspan="6">17,948</td><td rowspan="6">14,757</td><td rowspan="6">14,757</td><td rowspan="6">—</td><td rowspan="6">—</td><td rowspan="6">3.53</td><td rowspan="6">3.53</td><td rowspan="6">42</td></tr>
<tr><td>Deputy General Manager</td><td>Chan, Lieh-Lin</td></tr>
<tr><td>Deputy General Manager</td><td>Chen, Ming-Yu</td></tr>
<tr><td>Deputy General Manager</td><td>Chiu, Sheng-Yu</td></tr>
<tr><td>Deputy General Manager</td><td>Chang, Chin-Peng*</td></tr>
<tr><td>Deputy General Manager</td><td>Hsu, Ming-Hsin*</td></tr>
</table>

* Mr. Chang, Chin-Peng was promoted on August 1, 2021, and Mr. Hsu, Ming-Hsin has retired on September 30, 2021.

Compensation Interval Table

Compensation Level	Name of the CEO and Deputy General Managers	
	YC INOX	Consolidated Entities
Under NT$ 1,000,000		
NT$ 1,000,000 (incl.) - NT$ 2,000,000 (not incl.)	Hsu, Ming-Hsin*	Hsu, Ming-Hsin*
NT$ 2,000,000 (incl.) - NT$ 3,500,000 (not incl.)	Chang, Chin-Peng*	Chang, Chin-Peng*
NT$ 3,500,000 (incl.) - NT$ 5,000,000 (not incl.)		
NT$ 5,000,000 (incl.) - NT$ 10,000,000 (not incl.)	Chan, Lieh-Lin; Chen, Ming-Yu; Chiu, Sheng-Yu	Chan, Lieh-Lin; Chen, Ming-Yu; Chiu, Sheng-Yu
NT$ 10,000,000 (incl.) - NT$ 15,000,000 (not incl.)		
NT$ 15,000,000 (incl.) - NT$ 30,000,000 (not incl.)	Chang, Chin-Yu	Chang, Chin-Yu
NT$ 30,000,000 (incl.) - NT$ 50,000,000 (not incl.)		
NT$ 50,000,000 (incl.) - NT$ 100,000,000 (not incl.)		
NT$ 100,000,000 and above		
Total	6	6

* Mr. Chang, Chin-Peng was promoted on August 1, 2021 and Mr. Hsu, Ming-Hsin has retired on September 30, 2021.

3.3.3 Status of Employees' Profit Sharing Distributed to Managerial Personnel

For the Year Ended December 31, 2021 Unit: NT$ thousands

Title	Name	Stock	Cash	Total	Sum as a % of Net Income
Chairman / CEO	Chang, Chin-Yu	—	9,503	9,503	2.24%
Deputy General Manager of Finance Department	Chan, Lieh-Lin				
Deputy General Manager of Administration Department	Chen, Ming-Yu				
Deputy General Manager of General Manager Office	Chiu, Sheng-Yu				
Director / Deputy General Manager of Domestic Sales Department-Southern Region	Chang, Chin-Peng (Note 1)				
Deputy General Manager of Domestic Sales Department	Hsu, Ming-Hsin (Note 1)				
Senior Manager of Domestic Sales Department	Chang, Shu-Ying				
Senior Manager of Domestic Sales Department- Northern Region	Cheng, Chih-Hsien				
Senior Manager of Production Department	Wang, Chuan-Ming (Note 1)				
Senior Manager of Engineering Department	Tsai, Tzu-Hsing				
Senior Manager of Production Planning Department	Hsu, Chin-Chang				
Plant Manager of Douliou Mill I (Senior Manager)	Chang, Han-Chou				
Senior Manager of General Manager Office	Kuo, Yuan-Cheng				
Senior Manager of International Sales Department Pipe & Tube	Yen, Ching-Fang				
Senior Manager of Administration Department	Chen, Ping-Hsun				
Senior Manager of Finance Department / Chief Corporate Governance Officer	Li, Wei-Li (Note 2)				
Assistant Manager of Accounting Division / Chief Accounting Officer	Chang, Jung-Wei (Note 2)				
Assistant Manager of Internal Audit Office / Chief Internal Auditor	Hung, Hsiao-Hui				
Senior Manager of Information Technology Office	Shen, Chun-Chi (Note 1)				

Note 1: Mr. Chang, Chin-Peng was promoted on August 1, 2021; Mr. Wang, Chuan-Ming and Mr. Shen, Chun-Chi were newly appointed on August 1, 2021; Mr. Hsu, Ming-Hsin has retired on September 30, 2021.

Note 2: On May 07, 2021, Ms. Li, Wei-Li was appointed as the Chief Corporate Governance Officer and Mr. Chang, Jung-Wei was appointed as the Chief Accounting Officer.

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

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

Unit: NT$ thousands

Items	YC INOX and all companies in the consolidated entities	
	2021	2020
Net Income	1,260,047	423,567
Total Compensation Paid to Directors as % of Net Income	2.85	3.00
Total Compensation paid to CEO and Deputy General Managers as % of Net Income	3.53	6.72

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

Article 30 of the Company’s Articles of Incorporation:

In case the Company results profits for the year, it shall reserve 5% of profits as employees’ profit sharing, and the Board of Directors shall determine said profits shall be distributed by way of share or cash, which can also be distributed to employees of affiliations who meet certain conditions; Board of Directors may also adopt a resolution to reserve up to 2% of said profits as Directors’ compensation. The resolution of distribution of employees’ profit sharing and directors’ compensation shall be reported to the Shareholders’ Meeting. In case the Company still has accumulated losses, a certain amount of the earnings corresponding to accumulated losses shall be retained, then the employees’ profit sharing and directors’ compensation shall be reserved by the percentage specified in the preceding paragraph.

1. The compensation paid to Directors of the Company:

Payment of Directors’ compensation shall follow the provisions in the Articles of Incorporation, in case the Company results profits for the year, up to 2% of profit may be reserved as compensation for directors. Such compensation can only be paid upon the Compensation Committee and Board of Directors’ approval, and shall be reported to the Shareholders’ Meeting.

The principles of Directors' compensation and the payment of salary and traveling expenditures to directors shall follow the Regulations for the Compensation of Directors and their Concurrently-Serving Functional Committees and refer to the arms’ length range of the same industry.

The Company has stipulated the Regulations for Performance evaluation of the Board of Directors, and has to accordingly evaluate the Directors’ performance based on various evaluation indicators each year. The result of the board of directors’ performance evaluation of the year was good, such result has reported to the board of directors.

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

The compensations paid to CEO and deputy general managers is determined based on the provisions of the Payroll Policy, and referred to the salary level of the similar position in the same industry, his/her responsibilities in the Company, and his/her contribution to the Company’s operating goals, to grant reasonable compensation.

The performance evaluation of the Company’s managerial officers not only considers the

Company’s overall operating performance, future business risks and development trends of the industry, but also the individual’s performance achievement rate and contribution to the Company’s performance to grant the reasonable compensation. The payment shall be determined in compliance with the Policies and Regulations of Salary and Compensation and salary-related management regulations of the Company. This shall be sufficient to commend the responsibility and risk they bear.

3. The performance evaluation and reasonableness of the compensation for directors were reviewed and approved by the Compensation Committee and the Board of Directors, by referring to the salary level of the similar position in the same industry, and by considering the reasonableness of their compensation with their personal performance, the Company’s performance and future business risks. The compensation system shall be reviewed from time to time in compliance with actual operating conditions and relevant laws and regulations, to pursue the balance between the Company's sustainable operation and risk control.

3.4 Implementation of Corporate Governance

3.4.1 Operation of the Board of Directors

Board Meetings were held for 6 times(A) in 2021. The attendance status of directors is shown as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of Attendance in Person (B/A)
		Remarks		
Chairman	Chang, Chin-Yu	6	0	100%
		Re-elected in the re-election on August 23, 2021.		
Director	Chang, Chin-Peng	6	0	100%
		Appointed as a representative by Tai Chyang Investment Co., Ltd. Re-elected in the re-election on August 23, 2021.		
Director	Chang, Shu-Ying	3	0	100%
		Appointed as a representative of Tai Chyang Investment Co., Ltd. Stepped down after the re-election on August 23, 2021.		
Director	Chan, Lieh-Lin	3	0	100%
		Stepped down after the re-election on August 23, 2021.		
Director	Shih, Sung-Lin	6	0	100%
		Appointed as a representative of Chin Ying Fa Mechanical Ind Co., Ltd. in the re-election on August 23, 2021. (Note: Mr. Shih, Sung-Lin has stepped down as an individual director, and appointed as a representative director of Chin Ying Fa Mechanical Ind Co., Ltd, a juridical director, after the re-election on August 23, 2021.)		
Director	Hsieh, Tien-Shang	3	0	100%
		Stepped down after the re-election on August 23, 2021.		
Director	Hsieh, Ming-Hong	3	0	100%
		Newly elected in the re-election on August 23, 2021.		
Director	Chang, Po-Kai	3	0	100%
		Newly elected in the re-election on August 23, 2021.		
Independent Director	Pan, Cheng-Hsiung	6	0	100%
		Re-elected in the re-election on August 23, 2021.		
Independent Director	Chen, Tai-Shan	6	0	100%
		Re-elected in the re-election on August 23, 2021.		
Independent Director	Kuo, Chao-Sung	6	0	100%
		Re-elected in the re-election on August 23, 2021.		
Independent Director	Chang, Wei-Lun	3	0	100%
		Newly elected in the re-election on August 23, 2021.		

Other matters to be recorded:

1. In the event of either of the following situations, dates, sessions, contents of resolutions of the Board Meetings, opinions from all independent directors, and Company responses to their opinions should be noted:
   (1) Issues specified in Article 14-3 of the Securities and Exchange Act: Please refer to the Annual Report for related information of the operation status of the Audit Committee. All proposals were unanimously agreed and passed by all independent directors.
   (2) In addition to the preceding matter, other resolutions of the Board Meetings on which independent directors have dissenting opinions or qualified opinions, and that are documented or issued through written statements: None.
2. Recusal of Directors due to conflict of interests (the name of the Directors, the content of the proposals, reasons for recusal, and participation in voting shall be stated):
   (1) Director’s name:：Chang, Chin-Yu
   Contents of the case: On September 3, 2021, the 4th meeting of the Board of Directors of 2021, it was proposed to appoint Chairman Chang, Chin-Yu as the CEO of the Company.
   Reason for recusal due to conflict of interests and the status of voting: The Director was an interested party. He abstained from the discussion and did not participate in the voting; the rest of the Directors adopted the proposal without objection.
   (2) Director’s name:：Pan, Cheng-Hsiung, Chen, Tai-Shan, Kuo, Chao-Sung, Chang, Wei-Lun
   Contents of the case: On September 3, 2021, the 4th meeting of the Board of Directors of 2021, it was proposed to engage

the Independence Director Pan, Cheng-Hsiung, the Independence Director Chen, Tai-Shan, the Independence Director Kuo, Chao-Sung, and the Independence Director Chang, Wei-Lun as the members of the Compensation Committee.
Reason for recusal due to conflict of interest and the status of voting: Those Directors were interested parties. They abstained from the discussion and did not participate in the voting; the rest of the Directors adopted the proposal without objection.

(3) Director's name: ：Chang, Chin-Yu, Chang, Chin-Peng, Chang, Po-Kai

Contents of the case: On November 5, 2021, the 5th meeting of the Board of Directors in 2021, it was proposed to amend the "Payroll policy".
Reason for recusal due to conflict of interests and the status of voting: Those Directors were interested parties. They abstained from the discussion and did not participate in the voting; the rest of the Directors adopted the proposal without objection.

(4) Director's name: ：Chang, Chin-Yu, Chang, Chin-Peng, Chang, Po-Kai

Contents of the case: On November 5, 2021, the 5th meeting of the Board of Directors of 2021, it was proposed to adjust all managers' and the Chairman's (who also served as the CEO) monthly fixed salary in accordance with the salary adjustment of the whole Company.
Reason for recusal due to conflict of interests and the status of voting: Those Directors were interested parties. They abstained from the discussion and did not participate in the voting; the rest of the Directors adopted the proposal without objection.

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

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Approach	Evaluation Content
Annually. The performance evaluation shall be completed before the end of the first quarter of the following year	From January 1,2021 to December 31,2021	The Board of Directors	Self-evaluation of the board performance	A. Involvement in the operation of the Company; B. Improvement of the quality of the Board of Directors' decision making; C. Composition and structure of the Board of Directors; D. Election and continuing education of the directors; and E. Internal control.
		The members of Board of Directors	Self-evaluation of the performance of board members	A. Familiarity with the goals and tasks of the Company; B. Awareness of the duties of a director; C. Involvement in the operation of the Company; D. Management of internal relationships and communication; E. The director's professionalism and continuing education; and F. Internal control.
		The functional committees	Self-evaluation of the performance of functional committees (including Auditing Committee and Compensation Committee)	A. Involvement in the operation of the Company; B. Awareness of the duties of the functional committee; C. Improvement of the quality of the functional committees' decision making; D. Composition of the functional committee and election of its members; and E. Internal control.

According to the Regulations for Performance Evaluation of the Board of Directors, the Finance Department is responsible for the implementation of the 2021 performance evaluation for the Board of Directors. The internal questionnaire is adopted for such evaluation and was completed in Feb. 2022 when all of the self-evaluation questionnaires of the Board, the members of the Board, and the Functional committees were collected. All directors are familiar with the goals and tasks of the Company and aware of their duties, be able to give specific suggestions for proposals, and persist in strengthening professional knowledge and skill. The management team is conscientious and responsible, and the internal controls are effectively implemented.
Evaluation results for self-evaluation of the board, the members of the Board, and the Functional committees are all excellent. The result will not only be used as a reference when nominating or electing directors, but also be used for determining their salary and compensation. The results have been reported to the 2022 2nd Board Meeting.

4. Measures for strengthening the functions of Board of Directors in the current year and the most recent year, and relevant implementation assessment.
(1) In order to strengthen corporate governance and enhance information transparency, the Company has increased the seats of Independent Directors from 3 seats to 4 seats in the re-election in 2021, and all independent directors form the Audit Committee to improve the effectiveness of the Board of Directors. Please refer to page 23 for the operation status of the Audit Committee.
(2) All independent directors form the Compensation Committee to assist the Board of Directors in implementing the salary and compensation management function. Please refer to page 33 for the implementation.
(3) The directors' continuing education: All directors persist in learning to maintain their core values and professional capabilities. (Please refer to page 32).
(4) Consider the sustainable operation of the Company, the nomination of board members will be more youthful. New members of Directors have joined the Board in the re-election of Directors in 2021.

3.4.2 Operation of Audit Committee

Audit Committee meetings were held for 6 times(A) in 2021. The attendance status of independent directors is shown as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of Attendance in Person (B/A)	Remarks
Independent Director	Pan, Cheng-Hsiung	6	0	100%	Re-elected in the re-election on August 23, 2021.
Independent Director	Chen, Tai-Shan	6	0	100%	
Independent Director	Kuo, Chao-Sung	6	0	100%	
Independent Director	Chang, Wei-Lun	3	0	100%	Newly elected in the re-election on August 23, 2021.

Other matters to be recorded:

1. If any of the following applies to the operation of Audit Committee, the date and session of the Audit Committee, the content of proposals, dissenting opinion of independent directors, resolutions of the Audit Committee, and the Company's actions in response to opinions from the Audit Committee shall be specified:
   (1) Issues stated in Article 14-5 of the Securities and Exchange Act, or other resolutions which were not being approved by the Audit Committee but resolved by more than two-thirds of all the Directors:

Meeting (Session) / Date	Content of Proposal and Subsequent Handling	Matters listed in Article 14-3 of the Securities and Exchange Act	Other resolution which were not being approved by the Audit Committee but resolved by more than two-thirds of all the Directors:
March 26, 2021, the 16th meeting of the 2nd session	1. The report of internal control system self-assessment for 2020.	V	—
	2. The independence evaluation of the certified public accountants.	—	—
	3. The appointment of CPA who are responsible for the certification of 2021 financial statements and related audit fee.	V	—
	4. 2020 financial statements.	V	—
	5. 2020 business report.	—	—
	6. 2020 earnings distribution.	—	—
	Audit Committee’s resolution result: Unanimously approved by all Audit Committee members The Company's handling of Audit Committee’s resolutions: Unanimously approved by all directors who were present		
May 7, 2021, the 17th meeting of the 2nd session	1. 2021Q1 consolidated financial statements	V	—
	2. The change of the Company's Chief Accounting Officer.	V	—
	Audit Committee’s resolution result: Unanimously approved by all Audit Committee members The Company's handling of Audit Committee’s resolutions: Unanimously approved by all directors who were present		
August 6, 2021, the 18th meeting of the 2nd session	1. 2021Q2 consolidated financial statements	V	—
	2. The capital injection to YC INOX TR Celik Sanayi ve Ticaret A.S..	V	—
	Audit Committee’s resolution result: Unanimously approved by all Audit Committee members The Company's handling of Audit Committee’s resolutions: Unanimously approved by all directors who were present		
September 3, 2021, the 1st meeting of the 3rd session	1. Convener election of the current audit committee.	V	—
	2. New stock issuance for capital increase converted from 3rd domestic unsecured convertible corporate bonds.	V	—
	3. Amendment of the Ethical Corporate Management Best Practice Principles.	—	—
	4. Amendment of the Procedures for Ethical Management and Guidelines for Conduct.	—	—
	Audit Committee’s resolution result: Unanimously approved by all Audit Committee members The Company's handling of Audit Committee’s resolutions: Unanimously approved by all directors who were present		
November 5, 2021, the 2nd meeting of the 3rd session	1. 2021Q3 consolidated financial statements	V	—
	2. New stock issuance for capital increase converted from 3rd domestic unsecured convertible corporate bonds.	V	—
	Audit Committee’s resolution result: Unanimously approved by all Audit Committee members The Company's handling of Audit Committee’s resolutions: Unanimously approved by all directors who were present		
December 24, 2021, the 3rd meeting of the 3rd session	1. Update of the 2021 budget.	—	—
	2. 2022 business plan.	—	—
	3. 2022 annual budget.	—	—
	4. 2022 Internal audit plan.	V	—
	5. Amendment of the Internal Control Systems.	V	—
	6. Amendment of the Procedures of Internal Audit Implementation.	V	—
	7. Amendment of the Procedures for Self-Assessment of Internal Control System.	V	—
	8. Amendment of the Accounting System.	—	—
	9. Providing financing endorsement guarantee for subsidiary.	V	—
	Audit Committee’s resolution result: Unanimously approved by all Audit Committee members The Company's handling of Audit Committee’s resolutions: Unanimously approved by all directors who were present		

Meeting (Session) / Date	Content of Proposal and Subsequent Handling	Matters listed in Article 14-3 of the Securities and Exchange Act	Other resolution which were not being approved by the Audit Committee but resolved by more than two-thirds of all the Directors:
January 17, 2022, the 4th meeting of the 3rd session	1. The capital injection to YC INOX TR Celik Sanayi ve Ticaret A.S..	V	—
	2. New stock issuance for capital increase converted from 3rd domestic unsecured convertible corporate bonds.	V	—
	3. The independence evaluation of the certified public accountants.	—	—
	4. The appointment of CPA who are responsible for the certification of 2022 financial statements and related audit fee.	V	—
	Audit Committee's resolution result: Unanimously approved by all Audit Committee members The Company's handling of Audit Committee's resolutions: Unanimously approved by all directors who were present		
March 18, 2022, the 5th meeting of the 3rd session	1. The report of internal control system self-assessment for 2021.	V	—
	2. 2021 financial statements.	V	—
	3. 2021 business report.	—	—
	4. Amendment of Procedures of Acquisition or Disposal of Assets.	V	—
	5. 2021 earnings distribution.	—	—
	Audit Committee's resolution result: Unanimously approved by all Audit Committee members The Company's handling of Audit Committee's resolutions: Unanimously approved by all directors who were present		
MAY 6, 2022, THE 6TH MEETING OF THE 3RD SESSION	1. 2022Q1 consolidated financial statements	V	—
	2. New stock issuance for capital increase converted from 3rd domestic unsecured convertible corporate bonds.	V	—
	3. Lending funds to subsidiary.	V	—
	Audit Committee's resolution result: Unanimously approved by all Audit Committee members The Company's handling of Audit Committee's resolutions: Unanimously approved by all directors who were present		

2. Recusal of Independent Directors due to conflict of interests (the name of the Independent Directors, the content of the proposals, reasons for recusal, and participation in voting shall be stated): None.
3. Communications between Independent Directors and Chief Internal Auditor and the CPAs (material matters of communication, the way of communication and its results of said communication regarding the Company's financial and operational status shall be included):
   (1) The Company's chief internal auditor regularly submits internal audit report and internal audit's report of improving suggestions & follow-ups to independent directors for their review, and attends the Audit Committee's quarterly meeting to report internal audit business to independent directors. In case of major abnormal events which must be discussed, a meeting could be convened any time. So far the communication between the chief internal auditor and the independent directors goes well.
   (2) The independent directors and the CPAs call a meeting at least once a year to communicate and discuss financial reports related matters. In case of material abnormal events which must be discussed, a meeting could be convened any time. So far, the communication between the CPAs and the independent directors goes well.

The communications between independent directors, chief internal auditor and CPAs are listed below.

Date	Way of communication	Items discussed with chief internal auditor	Items discussed with CPAs
2021.03.26	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items from October 2020 to March 2021. →All independent directors have acknowledged and had no further opinion. ✧ Reviewing report of internal control system self-assessment for 2020 and draft the Statement of Internal Control System. →All independent directors have reviewed and agreed, and such documents were submitted to the Board for approval.	✧ Report the audit results, key audit matters and material issues of 2020 consolidated and parent company only financial statements. → No disagreement. ✧ Explain the impact of the latest laws and regulations. → No disagreement.
2021.05.07	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items from March 2021 to May 2021. →All independent directors have acknowledged and had no further opinion.	
2021.08.06	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items from May 2021 to August 2021. →All independent directors have acknowledged and had no further opinion.	
2021.09.03	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items from June 2021 to September 2021. →All independent directors have acknowledged and had no further opinion.	

Date	Way of communication	Items discussed with chief internal auditor	Items discussed with CPAs
2021.11.05	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items from September 2021 to October 2021. →All independent directors have acknowledged and had no further opinion.	
2021.12.24	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items from October 2021 to December 2021. →All independent directors have acknowledged and had no further opinion. ✧ Review the 2022 internal audit plan. →All independent directors have reviewed and agreed, and such documents were submitted to the Board for approval. ✧ Review the amendment of Procedures of Internal Audit Implementation. →All independent directors have reviewed and agreed, and such documents were submitted to the Board for approval. ✧ Review the amendment of Procedures for Self-Assessment of Internal Control System. →All independent directors have reviewed and agreed, and such documents were submitted to the Board for approval.	✧ Report the audit results, key audit matters and material issues of 2021 consolidated and parent company only financial statements. →No disagreement.
2022.01.17	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items from December 2021 to January 2022. →All independent directors have acknowledged and had no further opinion.	
2022.03.18	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items from January 2022 to March 2022. →All independent directors have acknowledged and had no further opinion. ✧ Reviewing report of internal control system self-assessment for 2021 and draft the Statement of Internal Control System. →All independent directors have acknowledged and had no further opinion.	
2022.05.06	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items from March 2022 to May 2022. →All independent directors have acknowledged and had no further opinion.	

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

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

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

Assessment Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			including core capabilities such as leadership and decision-making, business operational judgment, operating management, financial and accounting analysis, crisis management, industry expertise and viewpoint of international trading. (2) More than half of the Directors must not concurrently serve as employees or managers for the purpose of supervision. (3) The term of Independent Directors should not exceed three terms to maintain their independence. (4) At least one female Director. (5) In the future, Directors should be younger in order to achieve the goal of sustainable operation of the Company. 2. Implementation of diversity of Board members: During the re-election of Directors of the Company in 2021, three new Directors have joined the Board of Directors, which made the Company achieving the goal of younger board members and more than half of the Directors are not concurrently served as employees or managers of the Company. At present, the Board of Directors of the Company has a total of 9 Directors, including 4 Independent Directors (1 female member). The proportion of Directors who concurrently served as employee is 33%, while the proportion of female directors is 11%, and the proportion of Independent Directors is 44%. The Directors each have professional backgrounds such as CPAs, lawyers and financial executives. Please refer to page 8 for the professional background and core capabilities of Board members. The policy and implementation of the diversity of Board members have been disclosed on the Company's website and MOPS.	
(2) Other than the Compensation Committee and Audit Committee required by the law, has the Company voluntarily established other functional committees?	√		The Company has stipulated the Regulations for functional committees' management, and established committees such as Research and Development Committee, Quality Management Committee, Labor Relations Committee, Labor Safety and Health Committee, Labor Retirement Reserve Supervisory Committee, Employee Welfare Committee, Proposal Improvement Committee, etc. On May 6, 2022, the Board of Directors has adopted the establishment of the Sustainability Committee.	No significant difference.
(3) Has the Company stipulated rules and methods for evaluating the performance of the Board of Directors, implemented such evaluations every year and reported the results of performance evaluation to the Board of Directors; moreover, taken it as reference in compensation and renomination of individual directors?	√		In accordance with the "Regulations for Performance evaluation of the Board of Directors", the Finance Department is responsible for the performance evaluation of the Board of Directors. The 2021 evaluation results have been reported to the 2nd Board of Directors in 2022. The evaluation results will be referred when electing or nominating directors. The implementation of 2021 Board evaluation is included in "Operation of the Board of Directors".	No significant difference.
(4) Does the Company regularly evaluate the independence of CPAs?	√		In order to ensure the independence of CPAs and the reliability of the financial statements, the Finance Department evaluates the independence and competence	No significant difference.

Assessment Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			of CPAs once a year. The 2021 evaluation results have been submitted to the Audit Committee and the Board of Directors for review and adoption on January 17, 2022. The evaluation mechanism is as follows: 1. Whether the number of years of engagement exceeds seven years. 2. The independent auditors, its directors and managers are not related parties to the Company. 3. The independent auditors and the members of the audit service team have no material direct or indirect financial interests with the Company. 4. There is no close business relationship between the independent auditors/the members of the audit service team and the Company or other related-parties. 5. The non-audit services provided by the CPA firm to the Company do not involve the management functions of the Company. 6. Obtain a statement of independence issued by the independent auditors. Evaluation result: After evaluating the independence of the independent auditors and the members of the audit service team, the Company has not found any incompetence and breach of independence of the independent auditors and the members of the audit service team. This complies with the Company's assessment for the independence and qualification of independent auditors, and prove that they are eligible enough to certify the Company's financial statements.	
4. Does the TWSE/TPEx listed company have an adequate number of corporate governance personnel with appropriate qualifications and appoint a company secretary in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters related to Board Meetings and Shareholders' Meetings, and producing minutes of Board Meetings and Shareholders' meetings)?	√		The Company has appointed qualified and adequate number of corporate governance personnel. On May 7, 2021, the 22nd Board Meeting of the 16th session, the Board of Directors has approved the appointment of Li, Wei-Li, senior manager of the finance department, as the Chief Corporate Governance Officer, which is the head in charge of corporate governance-related matters. Regarding the promotion of corporate governance-related matters and the training of Chief Corporate Governance Officer, such information has been disclosed on the Company website, please refer to the Company website (https://www.ycinox.com/tw/ir/ir-336).	No significant difference.
5. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholders section on corporate website and adequately respond to stakeholders' inquiries on material corporate social responsibility issues?	√		The Company attaches great importance to the rights and opinions of stakeholders, and has set up a special column for stakeholders on the Company's website, with spokesperson and acting spokespersons acting as external communication channels. In addition, stakeholders can communicate with the Company through various business departments, such as business department and offices, finance department, procurement department, etc. The Company always properly responds to the issues concerned by stakeholders (including ESG-related issues). 1. Shareholder communication channel:	No significant difference.

Assessment Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
			(1) Shareholders' Meetings are held in the second quarter of each year. Proposals are voted on a case-by-case basis. Shareholders can also exercise their voting rights by means of electronic transmission to fully participate in the process of voting on proposals. (2) The annual report and business report are published every year for investors' reference. (3) The Company has been invited to the institutional investor conference every year. (4) Disclosure of the Company's material information, Shareholders’ Meeting related information, information of the contact window of the spokesperson and the share affairs agency in the investor special column of the Company's website (https://www.ycinox.com/tw/ir). Shareholders can reflect their opinions via telephone or e-mail. 2. Employees related: The Company has set up company web pages and employee personal mailboxes, so that employees can be informed of various messages and announcements; employees can file complaints and reports to the head of the unit in writing, e-mail, verbal or telephone, the company will not disclose the identity of the whistleblower and will protect the safety of the whistleblower from any form of retaliation and threats. 3. Customers/Suppliers: Customers and suppliers can communicate with the Company through various business departments and annual customer satisfaction surveys. In addition, the company website has a customer/supplier column for them to fully express their opinions. 4. Communities: The Company assigns a dedicated person to handle the residents’ suggestions or responses to ensure adequate communication and establish a good relationship between neighborhoods.	
6. Does the Company appoint a professional share affairs agent to handle shareholders' meetings related affairs?	√		The Company has appointed the SinoPac Securities Stock Affairs Agency to handle our Shareholders’ Meetings affairs.	No significant difference.
7. Information Disclosure (1) Has the Company established a website to disclose information on financials, business and corporate governance?	√		The Company has set up a website to disclose the latest information related to financial and corporate governance. The website is https://www.ycinox.com/tw	No significant difference.
(2) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company’s website)?	√		The Company has a dedicated unit responsible for the collection and release of various information of the Company, and has set up a spokesperson in accordance with regulations to be responsible for the disclosure of material internal information of the Company. The company has been invited to participate in the institutional investor conference held by SinoPac Securities on December 2, 2021, to explain the Company's operation, relevant information has been disclosed on MOPS and the Company website.	No significant difference.

Assessment Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
(3) Does the Company announce and file its annual financial report within two months after the end of the fiscal year, and announce and file its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	√		The Company's quarterly and annual financial statements, and operating conditions of each month, are all publicly announced and declared within the specified deadline.	No significant difference.
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, continuing education for directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and purchase of liability insurance for directors and supervisors)?	√		1. The implementation of employee rights and employee care: please refer to the labor relations on page 65. 2. The number of training hours of all Directors of the Company in 2021 met the requirements of competent authorities. Please refer to page 32. 3. The implementation of risk management policies and risk measurement standards: please refer to page 81. 4. The implementation of policies of Investor relations, supplier relations, rights of stakeholders and customer: please refer to page 55. 5. The Company has insured liability insurances for its directors, such insurance has been reported to the 5th Board Meeting in 2021.	No significant difference.

9. Improvements made in the most recent year in response to the results of Corporate Governance Evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved:

The Company was ranked 51%-65% of all TWSE companies in the 8th Corporate Governance Evaluation. In response to the results of the 8th Corporate Governance Evaluation, the Company has submitted an improvement plan report to the Board of Directors on May 6, 2022 and the evaluation indicators that the company has not implemented but have strengthened and improved are as follows:

Improved Situation	Evaluation Indicator	Description of improvement
Improved	1.15	The "Procedures for Ethical Management and Guidelines for Conduct" and "Procedures for prohibition of insider trading regulations" have been disclosed on the Company's website, and the education and training status of insiders such as Directors and employees has been disclosed.
	2.2	The Company has strengthened the specific management objectives and implementation of the board member diversity policy. The diversity of each Directors' backgrounds is disclosed on the Company's website and annual report.
	2.10	The Company has disclosed the annual work priorities of Audit Committee on the Company's website according to the requirements of the indicators.
	2.17	The Finance Department has issued the 2021 report for the independence and qualification assessment of independent auditors, which has been approved by the Audit Committee and the Board of Directors on January 17, 2022. In accordance with the requirements of the indicators, the evaluation procedures have been disclosed in detail in the 2021 annual report.
	2.22	The Company has stipulated "Risk Management Policies and Procedures", which have been adopted by the Board of Directors on May 6, 2022, and will be implemented accordingly. The 2021 IT security management execution status has been reported to the Board of Directors on December 24, 2021.
	3.6	The 2022 English version of the interim financial statements will be filed within the specified deadline.
	3.10	Since 2022, the competent authority has deleted the 3.10 indicator from evaluation. The Company's financial statements will still be adopted by the Board of Directors before the announcement deadline.

Improved Situation	Evaluation Indicator	Description of improvement
Improved	3.11	The Company engages in stainless steel processing industry, its research and development focus on the improvement of processing techniques, machinery and equipment, and the efficiency of production processes. The Production Department is responsible for the research and development of processing techniques. The Company's 2021 annual report has disclosed the future research and development plans and budgeted investment costs.
	4.11	The Company has disclosed its water consumption and total waste weight in the past two years in its 2021 annual report. The Company has obtained ISO14064-1 verification issued by TUV (Rheinland, Germany).
	4.12	The Company has stipulated Environmental Health and Safety Handbook, Energy Management Handbook and Procedures for Greenhouse Gases Investigation Management, and disclosed our environmental safety & health and energy policies on the website.
Prioritize and improve	2.15	In 2022, the Company will disclose the separate communication status between the Independent Directors, the Chief Internal Audit and the independent auditor on the Company's website.
	2.27	The Company has stipulated Procedures for Business Secrets and Intellectual Property Rights Managements, the management of intellectual property rights projects and patents has been properly implemented and the use of trademark rights has been well controlled. In the future, the Company will strengthen the disclosure of the implementation situation.
	3.20	In 2021, the Company has been invited to hold an institutional investor conference, which will be done according to actual needs in the future.
	4.1	On May 6, 2022, the Sustainability Committee has established as the designated unit to promote ESG. The Company also stipulated the Risk Management Policies, and will implement various risk assessments, which will be disclosed on the Company's website and annual report in the future.
	4.2	The Company has stipulated the Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct. The Administration Department is the designated unit for promoting ethical corporate management. It has been reported to the Board of Directors on December 24, 2021 regarding the implementation of ethical corporate management in 2021, and in accordance with the requirements of the indicators, formulated integrity management policies and compliance statements, and disclosed the operation and implementation status on the Company's website and annual report.
	4.3	The Company has stipulated the Sustainable Development Best Practice Principles and established the Sustainability Committee. The promotion of ESG has started from 2022, its implementation will be disclosed on the Company's website and annual report.
	4.4	The Company's 2022 sustainability report will be prepared in accordance with the internationally accepted guidelines for the preparation of reports, and will be reported in 2023.
	4.15	The Company has stipulated the Ethical Corporate Management Best Practice Principles, which were adopted by the Board of Directors, specifying methods and plans for preventing dishonest behavior, and disclose it on the Company’s website and annual report in accordance with requirements from indexes.
	4.17	The Company has disclosed the Supplier Management Policies on the Company's website, and will strengthen the disclosure depending on the implementation situation in the future.

✧Continuing education of Directors and Independent Directors in 2021:

Title	Name	Date	Host	Course Title	Training Hours
Chairman	Chang, Chin-Yu	2021/09/03	Taiwan Corporate Governance Association	Corporate Governance and Important Dispute Cases under the new Company Act	3.0
		2021/12/24	Taiwan Corporate Governance Association	Corporate Sustainability Governance from Risk Perspective – From Corporate Governance to ESG	3.0
Director	Chang, Chin-Peng	2021/09/03	Taiwan Corporate Governance Association	Corporate Governance and Important Dispute Cases under the new Company Act	3.0
		2021/12/24	Taiwan Corporate Governance Association	Corporate Sustainability Governance from Risk Perspective – From Corporate Governance to ESG	3.0
Director	Shih, Sung-Lin	2021/09/03	Taiwan Corporate Governance Association	Corporate Governance and Important Dispute Cases under the new Company Act	3.0
		2021/11/04	Taiwan Corporate Governance Association	From the perspective of directors and supervisors, the performance and effectiveness evaluation of the board of directors	3.0
		2021/12/24	Taiwan Corporate Governance Association	Corporate Sustainability Governance from Risk Perspective – From Corporate Governance to ESG	3.0
Director	Chang, Po-Kai	2021/09/03	Taiwan Corporate Governance Association	Corporate Governance and Important Dispute Cases under the new Company Act	3.0
		2021/09/13	The Institute of Internal Auditors-Chinese Taiwan	Precautions and Practical Analysis of Shareholders' meeting and Company Act matters.	6.0
		2021/12/24	Taiwan Corporate Governance Association	Corporate Sustainability Governance from Risk Perspective – From Corporate Governance to ESG	3.0
Director	Hsieh, Ming-Hong	2021/09/03	Taiwan Corporate Governance Association	Corporate Governance and Important Dispute Cases under the new Company Act	3.0
		2021/09/24	The Institute of Internal Auditors-Chinese Taiwan	Business activities and case analysis of dishonest behavior risk.	6.0
		2021/12/24	Taiwan Corporate Governance Association	Corporate Sustainability Governance from Risk Perspective – From Corporate Governance to ESG	3.0
Independent Director	Pan, Cheng-Hsiung	2021/07/19	Accounting Research and Development Foundation	Key points and common deficiencies in the amendments of relevant norms for the preparation of IFRS financial statements	3.0
		2021/07/20	Accounting Research and Development Foundation	New policies for corporate sustainable development and aspects of climate governance	3.0
		2021/09/03	Taiwan Corporate Governance Association	Corporate Governance and Important Dispute Cases under the new Company Act	3.0
		2021/12/24	Taiwan Corporate Governance Association	Corporate Sustainability Governance from Risk Perspective – From Corporate Governance to ESG	3.0
Independent Director	Chen, Tai-Shan	2021/05/05	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3.0
		2021/05/05	Taiwan Corporate Governance Association	Insights into the key messages hidden in financial statements	3.0
		2021/09/03	Taiwan Corporate Governance Association	Corporate Governance and Important Dispute Cases under the new Company Act	3.0
		2021/12/24	Taiwan Corporate Governance Association	Corporate Sustainability Governance from Risk Perspective – From Corporate Governance to ESG	3.0
Independent Director	Kuo, Chao-Sung	2021/09/03	Taiwan Corporate Governance Association	Corporate Governance and Important Dispute Cases under the new Company Act	3.0
		2021/12/24	Taiwan Corporate Governance Association	Corporate Sustainability Governance from Risk Perspective – From Corporate Governance to ESG	3.0
Independent Director	Chang, Wei-Lun	2021/09/03	Taiwan Corporate Governance Association	Corporate Governance and Important Dispute Cases under the new Company Act	3.0
		2021/09/14	The Institute of Internal Auditors-Chinese Taiwan	Analysis of the latest domestic corporate governance trends and implementation of the control environment	6.0
		2021/12/24	Taiwan Corporate Governance Association	Corporate Sustainability Governance from Risk Perspective – From Corporate Governance to ESG	3.0

3.4.4 Members, Duties and Operation of the Compensation Committee

A. Information of members of Compensation Committee

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

B. Operation of the Compensation Committee

1. YC INOX's Compensation Committee is composed of 4 members.
2. The term for current members has started from September 3, 2021 to August 22, 2024.

Compensation Committee meeting has been convened twice (A) in 2021, their attendances are shown as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of Attendance in Person (B/A)	Remarks
Independent Director/ Convener	Chen, Tai-Shan	2	0	100%	Re-elected after re-election on September 03, 2021.
Independent Director	Kuo, Chao-Sung	2	0	100%	
Independent Director	Pan, Cheng-Hsiung	2	0	100%	
Independent Director	Chang, Wei-Lun	1	0	100%	Newly elected after re-election on September 03, 2021.

Other matters to be recorded:

1. If the Board of Directors does not adopt or amend the recommendations made by the Remuneration Committee, the date, session, the content of proposals, resolutions of the Board Meeting and the Company's action in response to opinions from the Remuneration Committee shall be specified (if the remuneration approved by the Board of Directors is better than that recommended by the Remuneration Committee, the discrepancies and related reasons shall be specified): None.
2. If any member of the Remuneration Committee has dissenting opinion or qualified opinion on the resolutions of the Remuneration Committee, where such opinions are documented or issued through written statements, the date, session, the content of proposals, all the members' opinions of the meeting of the Remuneration Committee, and the action in response to these opinions shall be specified: None.
3. Resolutions of the Compensation Committee in 2021:

Date/ Session of Compensation Committee Meeting	Proposal	Resolution of the Compensation Committee	Company's Response to the Opinion of the Compensation Committee
March 26, 2021, the 7th meeting of the 4th session	1. Reviewed the managerial officers' year-end bonus principle for 2020 and the rationality of actual payment amount. 2. Discussion of the 2020 distribution of directors' compensation and employees' profit-sharing. 3. Amendment of the Regulations for management of monthly operating profit sharing. 4. Discussion of the minimum wage and salary adjustment for 2021.	Approved by all members present in the Compensation Committee meeting.	Approved by all directors present in the Board meeting.
November 5, 2021, the 1st meeting of the 5th session	1. Nominate the convener of the current Compensation Committee. 2. Reviewed the managerial officers' profit-sharing bonus principle for 2020 and the rationality of actual payment amount. 3. Reviewed the directors' compensation principle for 2020 and the rationality of actual payment amount. 4. Reviewed the managerial officers' salary structure for 2020, its principle and the rationality of actual payment amount. 5. Reviewed each of the managerial officers' salary structure for 2020, its principle and the rationality of actual payment amount. 6. Approval of the salary of newly appointed/ promoted managerial officers of 2020. 7. Company-wide employee salary adjustments. 8. Amendment of Policies and Regulations of Salary and Compensation 9. Amendment of Payroll Policy. 10. Fixed monthly salary adjustments for all managers and the Chairman (who also concurrently served as the CEO).		
March 18, 2022, the 2nd meeting of the 5th session	1. Reviewed the managerial officers' year-end bonus principle for 2021 and the rationality of actual payment amount. 2. Discussion of the 2021 distribution of directors' compensation and employees' profit-sharing.		

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

Item	Implementation Status			Discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and its Reasons
	Yes	No	Summary	
1. Does the Company have a governance structure for promoting sustainable developments and exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing sustainable development, and let the Board of Directors entrust the high-ranking management with the implementation and supervise the status?	√		On May, 2022, The Board of Directors has adopted to stipulate the Sustainable Development Best Practice Principles and establish the Sustainability Committee which is a designated unit to promote ESG. The CEO will serve as the Chairman, and the committee stipulates sustainable development policies according to its duties and responsibilities, formulates relevant management policies and specific promotion plans. Each functional group is responsible for mastering the operation of related matters, promoting and implementing the resolutions of the committee, and regularly reporting the implementation results to the committee. The annual implementation plan and implementation results shall be submitted by the committee to the board of directors. The board of directors needs to supervise the management team on the strategy and progress of sustainable development.	No significant difference.
2. Has the Company conducted risk assessment on environmental, social and corporate governance issues related to corporate operations and formulated relevant risk management policies or strategies based on materiality principle?	√		The Company believes in the business philosophy and major principles of "innovation and breakthrough, pursuit of excellence, quality first, and giving back to the society". While pursuing sustainable operation and profitability, we're trying to fulfill corporate social responsibility, attaching importance to rights and interests of stakeholders. We have formulated the "Corporate Governance Best Practice Principles", "Sustainable Development Best Practice Principles", "Principles for Operating and Management", and "Environmental Health and Safety Handbook" to implement risk assessments of corporate operating related issues such as environmental, social and corporate governance. In order to actively reduce and prevent the impact of activities that are harmful to environmental protection and occupational safety and health, and in response to the global trend of environmental protection and occupational safety and health, we have respectively established ISO 14001 / ISO 45001 / ISO 50001 environmental safety and health management systems. In 2021, relevant risk management policies and strategies were stipulated based on risk assessment as follows: 1. Environment: (1) In accordance with the requirements of ISO 14001 and ISO 50001, stuipulate "Pre-Environmental Review Management Procedures" and "Energy Review Operating Procedures", conduct annual management reviews and countermeasures to ensure that the environmental/energy management system can operate effectively. (2) Develop various management methods for waste reduction, emission reduction, pollution prevention and control, etc. to implement and control, and actively avoid the risk of environmental pollution. (3) Implement garbage classification, minimize waste, and improve the recycling rate of waste resources. 2. Society: (1) Stipulate various management measures in accordance with the requirements of ISO 45001. Health, Safety and Enviroment personnel audit the HSE implementation status of each unit from time to time, and propose improvements in a timely manner, to achieve the goal of a working environment with	No significant difference.

Item	Implementation Status			Discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and its Reasons
	Yes	No	Summary	
	√		zero occupational hazards. In 2021, regular fire drills and industrial safety education and training were held to cultivate employees' emergency response and self-management capabilities. (2) The following measures were taken in response to the COVID-19 pandemic: a. Follow the "Guidelines for the Continued Operation of Enterprises in Response to the Severe Special Infectious Pneumonia (COVID-19) Epidemic", "Guidelines for Employers Hiring Migrants in Response to the Severe Special Infectious Pneumonia: Precautions for Migrant Work, Living and Going Out Management", etc. as the guidances for internal countermeasure. Also, pay attention to the epidemic prevention information released by the CDC in a timely manner, and dynamically adjust the Company's epidemic prevention intensity. b. Encourage employees to vaccinate to reduce risk of infection. c. Develop diverse talent-seeking channels to fill the manpower. d. Temporarily suspend education and training, conferences and dinner parties inside and outside the mill. 3. Corporate Governance: (1) Compliance with laws and regulations Through the establishment of corporate governance mechanism and the implementation of the internal control system, it is ensured that all personnel and operations of the Company comply with relevant laws and regulations. (2) Strengthening the functions of directors a. Provide Directors with the latest regulations, system development and policies, and formulate annual training plans for Directors. All Directors have completed at least 6 hours of director training courses this year. b. Insure "Directors and Important Staff Liability Insurance" to protect them against lawsuits or claims, which has been reported to the Board of Directors on November 5, 2021. (3) Communication with stakeholders a. The Company attaches great importance to the rights and opinions of stakeholders, and has set up an area for stakeholders on the Company's website, with spokespersons and acting spokespersons as external communication channels. In addition, stakeholders can communicate through various business departments, and the Company can appropriately respond to relevant issues concerned by stakeholders. b. In 2021, the Company has been invited to hold an institutional investor conference, which is one of diversified communication channels with investors.	
3. Environmental Issues (1) Has the Company established an appropriate environmental management system based on the characteristics of its industry?	√		The Company's Douliou Mill I has established an environmental management system in accordance with ISO14001 and in 2021 it has been verified by TUV. The validity of the verification period started from 2021/08/24 to 2024/08/23. Waste recycling is handled in accordance with the environmental safety and health management system and environmental laws and regulations, and the implementation results are reviewed at any time for continuous improvement. Implementation report will be presented to the Occupational Safety and Health Committee on a quarterly basis.	No significant difference.

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and its Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(2) Is the Company committed to improving resource utilization efficiency and to the use of renewable materials with low environmental impact?

(3) Has the Company evaluated the current and future potential risks and opportunities of climate change, and adopted countermeasures related to climate issues?</td><td>√

√</td><td></td><td>In order to reduce the impact of operations on the environment, the Company has established the acid regeneration system, the acid supply system and the water recycling/treatment system on the Douliou mill II, committed to waste-water recycling and reuse, and continued to reduce the water consumption in the production process. In addition, the Puoshing mill uses anaerobic fluidized bed bioreactor technology (AFB) to decompose nitrate nitrogen, and achieves in advance the national standard for the content (total nitrogen) in the discharged water of 2027.

Started from 2021, all Taiwan mills of the Company have started the implementation of ISO 14064-1 greenhouse gas Inventory and ISO 50001 energy management system, and completed the following certification/verification: ISO 50001 certification in 2021, ISO 14064-1 category 1~ category 3 inventory and verification, which can address the risks of future climate change to the Company's operations.</td><td>No significant difference.

No significant difference.</td></tr>
<tr><td>(4) Has the Company collected statistics of emissions of greenhouse gas(GHG), the usage of water, and the total weight of waste in the past two years; and formulated energy saving and carbon reduction, GHG reduction, water saving, and other waste management policies?</td><td>√</td><td></td><td>1. Greenhouse gas emissions in the last two years:
Unit: Metric tons CO^2/year
<table>
<tr><th>Year</th><th>Category 1
(Direct emissions)</th><th>Category 2
(Energy indirect emissions)</th><th>Category 3
(Other indirect emissions)</th></tr>
<tr><td>2020</td><td>1,530.726</td><td>21,050.707</td><td>10,179.976</td></tr>
<tr><td>2021</td><td>1,826.302</td><td>22,799.309</td><td>14,611.316</td></tr>
</table>
Note:
(1) Direct emissions (category 1): Natural gas, gasoline and diesel, welding, refrigerant fugitives and other direct emissions from production.
(2) Energy indirect emissions (category 2): Purchased electricity.
(3) Other indirect emissions (category 3): Mining, manufacturing, and purchased electricity & water & chemicals used in processing, transportation, waste water discharge, waste treatment and other indirect discharges.
(4) The Company's greenhouse gas inventory is carried out in accordance with the ISO 14064-1, and has been verified by a third party. The greenhouse gas emission coefficient refers to the greenhouse gas emission coefficient management table V6.0.4 published by the Environmental Protection Administration.
(5) The source of the Global Warming Potential (GWP) in this table is the "IPCC 5th Assessment Report (2013)" version.
(6) The increase in greenhouse gas emissions in 2021 was mainly due to the successive increase in the production capacity of the newly built mills.</td><td>No significant difference.</td></tr>
</table>

Item	Implementation Status			Discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and its Reasons
	Yes	No	Summary	

(7) Energy saving and carbon reduction measures: In line with the international trades and the governmental promotion of net zero carbon emission planning, the Company has obtained the ISO 50001 energy management system certification in 2021. Every year, we strive to save electricity to reduce carbon emissions. At the same time, it is also planned to build 5,511.72kWp solar power generation, with a total area of about 39,669.6 m^2 and the investment amount is about NT$180 million. It is expected to complete the parallel trial operation in mid-May 2021. After completion, it could generate about 7.3 million kWh of electricity per year. According to the latest annual electricity carbon emission coefficient of 0.502 kg CO2/kWh which was announced by Bureau of Energy in 2020, it can reduce CO2 emissions by about 3,665 metric tons per year, which is about 375 hectares of afforestation benefits.

2. Total water consumption in the last 2 years:

Unit: Metric tons

Year	Shijou Mill	Puoshing Mill	Douliou Mill I	Douliou Mill II
2020	20,966	55,153	8,527	21,302
2021	16,987	56,991	6,916	35,420

Note:

(1) The increase in water consumption of the Douliou Mill II in 2021 was mainly due to the successive increase in the newly built production capacity.

(2) Water-saving measures: The Company continues to promote various water-saving programs to achieve the goal of water consumption reducing.

3. The total amount of waste in the last 2 years:

Unit: Metric tons

Year	Hazardous waste	Non-hazardous waste
2020	70.52	1326.16
2021	350.38	1096.89

Note:

(1) The increase in hazardous waste in Douliiu Mill II in 2021 was mainly due to the successive increase in the newly built production capacity.

(2) Waste management measures: The Company has obtained the ISO 14001 environmental management system certification, and promotes various environmental management improvement plans every year to achieve the goals of waste reduction and pollution prevention.

Item	Implementation Status			Discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and its Reasons
	Yes	No	Summary	
4. Social Issues				
(1) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and the International Bill of Human Rights?	√		In order to fulfill its corporate social responsibility and protect the basic human rights of employees, customers and stakeholders, the company supports and follows the "United Nations Universal Declaration of Human Rights", "International Labour Convention" and other internationally recognized human rights regulations and principles, treating our employees with dignity and respect, and strictly abide by the labor-related laws and regulations of the Company's residence to ensure that the Company does not invade or violate human rights. Specific actions include: stipulate relevant policies for the protection of human rights in the Company's labor management system, strengthen employees' awareness of human rights protection through education and training, and protect the legitimate rights and interests of employees. The human rights policy is disclosed on the Company's website.	No significant difference.
(2) Has the Company formulated and implemented reasonable employee welfare measures (including remuneration, rest and annual leave, and other benefits), and appropriately reflected the operating performance or achievements in the employee remuneration?	√		The Company has formulated relevant measures for remuneration, various bonuses and performance appraisal to effectively link work performance with personal remuneration; in addition, various employee welfare activities and subsidies are handled through the Employee Welfare Committee. 1. Operational performance will be reflected in employee compensation: It is implemented in accordance with the "Regular Employee Performance Appraisal Measures" as a reference for employee salary adjustment, operating profit bonus, year-end bonus and employees' profit sharing, promotion and job adjustment. 2. Employee welfare measures: The Company has established an Employee Welfare Committee, and the welfare funds allocated in 2021 exceeded NT$37 million. The Employee Welfare Committee provides employees with various high-quality benefits, including wedding and funeral subsidies, hospital condolences for injuries and illnesses, family day activities, children's scholarships, festival funds, birthdays and other welfare measures. The Company has stipulated various leave types for employees, and employees who have worked for more than six months will be given annual leaves, and insurance for all employees, and provision of pensions according to laws and regulations.	No significant difference.
(3) Does the Company provide a safe and healthy work environment and regularly offer safety and health training to its employees?	√		The Company is qualified for ISO45001 and CNS45001 safety and health certifications, meanwhile, the Company considers the physical and mental health of employees, and regularly conducts health checkups for all employees, and annual health checkups for special operations employees, to prevent occupational disasters. The Company also invites doctors to visit patients every month, conduct health seminars and training, analyze health examination reports and deal with their symptoms, and disseminate health information to employees from time to time. The Company also hires factory nurses to engage in evacuation, first aid, rest care, or other matters such as protecting the physical and mental health of employees, preventing diseases caused by abnormal workload, and protecting maternal health.	No significant difference.

Item	Implementation Status			Discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and its Reasons
	Yes	No	Summary	
(4) Has the Company established effective career development training programs for its employees?	√		The Company has formulated "Regulations for Employees Education and Training", in accordance with the management needs of different management levels, and with reference to the individual needs and personality assessment of employees, to customize individual capability management program to develop to effectively train employees' personal career capabilities. The procedures have been standardized and implemented in accordance with the ISO9001 management system to ensure good quality of training.	No significant difference.
(5) Does the Company comply with relevant laws and international standards in health, safety, and privacy of consumers as well as marketing and labeling of its products and services, and establish consumer protection policies and appeals procedures?	√		1. The Company believes in the business philosophy of "innovation and breakthrough, pursuit of excellence, quality first, and giving back to the society", has qualified for various certifications such as ISO9001, TAF, TUV SO14001, TUV ISO45001 and CNS45001, JQA JIS MARK. 2. The Company has formulated the "Regulations for Customer Service", and appointed dedicated after-sales service personnel and established a customer-oriented quality system to establish a deep sense of trust with customers; The complaint hotline and mailbox have been disclosed in the interested parties column of the Company website.	No significant difference.
(6) Has the Company established supplier management policies, requesting suppliers to comply with relevant regulations on issues regarding environmental protection, occupational safety and hygiene, or labor rights, and disclosed the implementation?	√		The Company has formulated the "Supplier Management Measures" and " Regulations for Procurement Management" to systematically organize and plan procurement matters so that the suppliers can meet the quality, environment, safety and health that we required. When signing a contract, suppliers must confirm that they can comply with the Company's supplier integrity standards and sign relevant agreements; in addition, the Company organizes supplier education and training every year to share the concept and practice of industrial safety and health with suppliers Approximately 393 supplier representatives participated in the 2021 education and training. In the future, the number of supplier trainees will be increased year by year to strengthen supplier management.	No significant difference.
5. Has the Company adopted internationally recognized standards or guidelines to prepare non-financial reports such as sustainability report? Has the Company obtained a third-party assurance or verification for such reports?		√	The Company has stipulated the "Sustainable Development Best Practice Principles" and established the "Sustainability Committee". The preparation plan for the 2022 Sustainability Report has been launched, and the non-financial information of the Company will be disclosed with reference to the internationally accepted report preparation standards. In the future, according to actual needs, it is planned to obtain the assurance or assurance opinion of the third-party verification unit.	The Company will disclose the 2022 sustainability report in 2023.
6. If the Company has established sustainable development principles based on Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the principles and their implementation: The Company has stipulated the "Sustainable Development Best Practice Principles", and has a complete internal control system and various management measures. All operations are implemented in accordance with these principles, and there are no major differences.				
7. Other key information useful for explaining the status of sustainable development implementation: None.				

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

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

Evaluation Item	Implementation Status			Discrepancy from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
(2) Does the Company establish an exclusively dedicated unit under the Board of Directors to be in charge of ethical corporate management and report its ethical corporate management policies, programs to prevent unethical behavior, and the supervision of implementation of those policies to the Board of Directors regularly (at least once a year)?	√		In order to improve ethical management, the Company has designated the Administration Department as the dedicated unit responsible for the formulation of ethical management policies and prevention plans, and the Financial Department is responsible for the supervision of the implementation. The ethical management execution in 2021 has been reported to the Board of Directors on December 24, 2021.	No significant difference.
(3) Does the Company formulate policies to prevent conflict of interests, provide appropriate reporting channels, and implement it accordingly?	√		The Company has stipulated regulations such as “Procedures for transactions between related parties, specific companies and group entities”, “Procedures for Ethical Management and Guidelines for Conduct”, “Codes of Ethical Conduct for the Directors and Managerial Officers“ and “Codes of Ethical Conduct for Employees”, clearly stipulate policies to prevent conflicts of interest, and has set up a special column for interested parties on the Company website to ensure their rights and interests.	No significant difference.
(4) Has the Company established effective accounting and internal control systems for ethical corporate management, developed relevant audit plans based on the results of risk assessment of unethical behavior, and audited the status of compliance with the programs to prevent unethical behavior by the internal audit unit or a CPA?	√		In order to ensure the implementation of ethical management, the Company has established an effective accounting system and internal control system. Internal auditors regularly check the compliance of such systems. The Company’s financial statements are audited or reviewed by the CPA every quarter, implementation of such systems are evaluated annually by the CPA as well.	No significant difference.
(5) Does the Company regularly hold internal and external trainings on ethical corporate management?	√		In accordance with the "Regulations for employees’ education and training", the Company promotes the policy of honest management, the prevention plan of dishonesty and the consequences of violating dishonesty in departmental meetings or various education and training courses from time to time. During the pre-job training for new employees, we conducted honesty and moral education and publicity, with a total of 168 people attended, and the total training time was 84 hours. The publicity briefing has been placed in the Company's intranet system; the Company has also sent personnel to participate in relevant courses held by the competent authority to strengthen employees' awareness of compliance.	No significant difference.
3. Implementation of Whistleblowing System (1) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	√		The Company has stipulated the "Procedures for Ethical Management and Guidelines for Conduct" and the "Codes of Ethical Conduct for Employees", and has set up a hotline and mailbox. The Company also has a dedicated unit to handle related affairs in accordance with applicable regulations. If the reported incident is verified to be true, the Company will response in accordance with the Company’s regulations, and legal actions shall also be taken if there is any violation of the law. In 2021, the Internal Audit Office did not receive any internal or external reporting letters.	No significant difference.

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

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

3.4.8 Other Important Information to Facilitate a Better Understanding of the Implementation of Corporate Governance at the Company:
Please refer to Page 21.

3.4.9 Implementation Status of Internal Control System

A. Statement on Internal Control System

YC INOX Co., Ltd.
Statement of Internal Control System

Date: March 18,2022

According to the results of our self-evaluation, the Company shall make the following statements on our internal control system in 2021:

I. The Company's Board of Directors and management are responsible for establishing, implementing, and maintaining adequate internal control system. The objectives of this system are to provide reasonable assurance over the effectiveness and efficiency of operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of reporting and compliance with applicable rulings, laws, and regulations.

II. An internal control system has inherent constraints. No matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the abovementioned objectives. In addition, the effectiveness of the internal control system may change with the environment and under different situations. Nevertheless, the Company's internal control systems contain self-monitoring mechanisms, thereby allowing the Company to take immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component includes a number of items. Refer to the Regulations for more information on the abovementioned items.

IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.

V. Based on the findings of such evaluation, the Company believes that, as of December 31, 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.

VI. The Statement shall become the main content of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. The Statement was passed by the Board of Directors on March 18, 2022, with none of the eleven attending directors expressing dissenting opinions, and the remainder all approved the content of this Statement.

YC INOX Co., Ltd.

Chairman: Chang, Chin-Yu

CEO: Chang, Chin-Yu

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

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

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

A. Material Resolutions of the Shareholders' Meeting in 2021:

Date of Meeting	Material Resolutions	Implementation Status
August 23, 2021	1. Adoption of the 2020 Business Report and Financial Statements. 2. Adoption of the proposal of 2020 earnings distribution. 3. Amendment of the Rules of Procedure for Shareholder's Meeting. 4. Amendment of the Regulations for Election of Directors. 5. Election of members of the 17th Board of Directors 6. To adopt the lifting of non-competition restrictions for newly-elected directors.	Implementation in accordance with resolutions. ✧Earnings distribution: In the Board Meeting on September 3, 2021, the Board of Directors had resolved that the ex-dividend record date was October 11, 2021; Cash dividends were distributed on November 1, 2021, each share was entitled to receive NT$ 1.47501729 cash dividend.

B. Material Resolutions of the Board of Directors in 2021 up to the Publish Date of the Annual Report:

Date of Meeting	Material Resolutions
March 26, 2021	1. The report of internal control system self-assessment for 2020. 2. The independence evaluation of the certified public accountants. 3. The appointment of CPA who are responsible for the certification of 2021 financial statements and related audit fee. 4. 2020 financial statements (parent company only and consolidated). 5. 2020 employees' profit sharing and directors' compensation. 6. 2021 employees' salary and minimum wage adjustment. 7. Amendment of the Regulations for management of monthly operating profit sharing. 8. Amendment of the Rules of Procedure for Shareholder' Meeting. 9. Business report of 2020. 10. 2020 Earnings Distribution. 11. Re-election of Board of Directors. 12. Matters of accepting: eligible shareholders' proposal and nomination of directors (including independent directors). 13. Discussion of director nominees nominated by current Board of Directors, and review for their qualifications. 14. The lifting of non-competition restrictions for newly-elected directors. 15. 2021 General Shareholders' Meetings affairs.
May 7, 2021	1. 2021Q1 consolidated financial statements. 2. The change of the Company's Chief Accounting Officer. 3. Appointment of the Chief Corporate Governance Officer. 4. Amendment of the Corporate Governance Best Practice Principles. 5. Amendment of the Regulations for Property, Plant and Equipment Management. 6. Investment in securities.
August 6, 2021	1. 2021Q2 consolidated financial statements. 2. To adopt the capital increase to YC INOX TR Celik Sanayi ve Ticaret A.S. 3. Rearrangement of 2021 General Shareholders' Meetings affairs. 4. Appointment of Directors and Supervisors of Ji-Mao Investment Co., Ltd.
September 3, 2021	1. Election of the Chairman. 2. Engagement of the CEO. 3. Engagement of the members of the 5th Compensation Committee. 4. New stock issuance for capital increase converted from 3rd domestic unsecured convertible corporate bonds. 5. Amendment of the Ethical Corporate Management Best Practice Principles. 6. Amendment of the Procedures for Ethical Management and Guidelines for Conduct. 7. Amendment of Procedures for Organizational Management 8. To adopt the 2020 earnings distribution ex-dividend record date and related matters.

November 5, 2021	1. 2021Q3 consolidated financial statements 2. New stock issuance for capital increase converted from 3rd domestic unsecured convertible corporate bonds. 3. Company-wide employee salary adjustments. 4. Amendment of Policies and Regulations of Salary and Compensation. 5. Amendment of Payroll Policy. 6. Fixed monthly salary adjustments for all managers and the Chairman (who also concurrently served as the CEO).
December 24, 2021	1. Update of the 2021 budget. 2. 2022 business plan. 3. 2022 annual budget. 4. 2022 Internal audit plan. 5. Amendment of the Internal Control Systems. 6. Amendment of the Procedures of Internal Audit Implementation. 7. Amendment of the Procedures for Self-Assessment of Internal Control System. 8. Amendment of the Accounting System. 9. Providing financing endorsement guarantee for subsidiary. 10. Amendment of Regulations for property, plant and equipment and the intangible property management 11. Appointment of Supervisors of Ji-Mao Investment Co., Ltd.
January 17, 2022	1. To adopt the capital increase to YC INOX TR Celik Sanayi ve Ticaret A.S. 2. New stock issuance for capital increase converted from 3rd domestic unsecured convertible corporate bonds. 3. The independence evaluation of the certified public accountants. 4. The appointment of CPA who are responsible for the certification of 2022 financial statements and related audit fee. 5. Amendment of Procedures for the Preparation of Financial Statements. 6. To appoint the Directors of the 2nd session Board of Directors of YC INOX TR Celik Sanayi ve Ticaret A.S..
March 18, 2022	1. The report of internal control system self-assessment for 2021. 2. 2021 financial statements (parent company only and consolidated). 3. 2021 Business report. 4. 2021 Employees' profit sharing and directors' compensation. 5. 2021 Earnings Distribution. 6. Amendment of Procedures of Acquisition or Disposal of Assets. 7. Amendment of Articles of Incorporation. 8. Amendment of Corporate Governance Best Practice Principles. 9. 2022 General Shareholders' Meetings affairs.
May 6, 2022	1. Adoption of the financial statements of 2022Q1. 2. New stock issuance for capital increase converted from 3rd domestic unsecured convertible corporate bonds. 3. Lending funds to subsidiary. 4. To stipulate the Sustainable Development Best Practice Principles. 5. To stipulate the Sustainability Committee Charter. 6. To stipulate the Risk Management Policies and Procedures. 7. Amendment of Procedures for Computer Operation Safety Management

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

D. Implementation Status: All implemented in accordance with the resolutions.

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

3.4.13 Summary of Resignation and Dismissal of Chairman, CEO, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Chief Corporate Governance Officer and Chief R&D Officer, etc. in the Most Recent Year up to the Publication Date of this Annual Report:

As of April 18, 2022

Title	Name	Date of Assumption	Date of Resignation or Dismissal	Reasons for Resignation or Dismissal
Chief Accounting Officer	Li, Wei-Li	November 1, 2007	May 7, 2021	Appointed as the Chief Corporate Governance Officer

3.5 Information of CPA Fees

3.5.1 Information of CPA Fees

Unit: NT$ thousands

CPA Firm	CPA	Audit Period	Audit Fee	Non-Audit Fee	Total	Remark
Deloitte & Touche	Tseng, Done-Yuin	2021.01.01~2021.12.31	2,600	95 (Note)	2,695	
	Chiang, Shu-Chin					

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

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

3.6 Replacement of Certified Public Accountants: In 2021, the Company did not replace the CPAs.

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

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

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

Unit: Shares

Title	Name	2021		As of April 18, 2022	
		Net increase (decrease) in numbers of shares held	Net increase (decrease) in numbers of shares pledged	Net increase (decrease) in numbers of shares held	Net increase (decrease) in numbers of shares pledged
Chairman / CEO	Chang, Chin-Yu	0	0	0	0
Major shareholder (Juristic Shareholder)	Tai Chyang Investment Co., Ltd	0	0	0	0
Director (Representative) / Deputy General Manager of Domestic Sales Department-Southern Region	Representative of Tai Chyang Investment Co., Ltd: Chang, Chin-Peng	0	0	0	0
Major shareholder (Juristic Shareholder)	Chin Ying Fa Mechanical Ind. Co., Ltd. (Note1)	0	0	0	0
Director (Representative)	Representative of Chin Ying Fa Mechanical Ind Co., Ltd: Shih, Sung-Lin (Note 1)	0	0	0	0
Director	Hsieh, Ming-Hong (Note 2)	0	0	0	0
Director	Chang, Po-Kai (Note 2)	0	0	0	0
Independent Director	Pan, Cheng-Hsiung	0	0	0	0
Independent Director	Chen, Tai-Shan	0	0	0	0
Independent Director	Kuo, Chao-Sung	0	0	0	0
Independent Director	Chang, Wei-Lun (Note2)	0	0	0	0
Deputy General Manager of General Manager Office	Chiu, Sheng-Yu	0	0	0	0
Senior Manager of General Manager Office	Kuo, Yuan-Cheng	(135,526)	0	0	0
Deputy General Manager of Finance Department/ Chief Financial Officer	Chan, Lieh-Lin (Note3)	(57,632)	0	0	0
Senior Manager of Accounting Division/ Chief Corporate Governance Officer	Li, Wei-Li	0	0	0	0
Senior Manager of Administration Department	Chen, Ping-Hsun	40,000	0	0	0
Senior Manager of Domestic Sales Department	Chang, Shu-Ying (Note3)	0	0	0	0
Senior Manager of Domestic Sales Department-Northern Region	Cheng, Chih-Hsien	0	0	0	0
Senior Manager of International Sales Department Pipe & Tube	Yen, Ching-Fang	0	0	0	0
Senior Manager of Production Department	Wang, Chuan-Ming (Note 4)	0	0	0	0
Plant Manager of Douliou Mill I (Senior Manager)	Chang, Han-Chou	(25,000)	0	0	0
Senior Manager of Engineering Department	Tsai, Tzu-Hsing	0	0	0	0
Senior Manager of Production Planning Department	Hsu, Chin-Chang	0	0	0	0
Assistant Manager of Accounting Division/ Chief Accounting Officer	Chang, Jung-Wei (Note4)	0	0	0	0
Assistant Manager of Internal Audit Office/Chief Internal Auditor	Hung, Hsiao-Hui	0	0	0	0
Senior Manager of Information Technology Office	Shen,Chun-Chi (Note4)	0	0	0	0

Note 1: Chin Ying Fa Mechanical Ind Co., Ltd was newly elected as a juridical Director on October 23, 2021; Mr. Shih, Sung-Lin was stepped down as an individual Director after the re-election on October 23, 2021, and appointed as a representative of the juridical Director of Chin Ying Fa Mechanical Ind Co., Ltd in the meantime.

Note 2: Mr. Chang, Po-Kai, Mr. Hsieh, Ming-Hong and Ms. Chang, Wei-Lun are newly-elected Directors after the re-election on August 23, 2021.

Note 3: Ms. Chang, Shu-Ying, representative director of Tai Chyang Investment Co., Ltd. and Mr. Chan, Lieh-Lin have stepped down after the re-election on August 23, 2021.

Note 4: Mr. Wang, Chuan-Ming and Mr. Shen, Chun-Chi were newly appointed; Mr. Chang, Jung-Wei was newly appointed as the Chief Accounting Officer.

3.8.2 Shareholding Transfer from/to Related Parties: None.

3.8.3 Shareholding Pledge to Related Parties: None.

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

As of April 18,2022
Unit: Shares

Name	Current Shareholdings		Spouse and Minors Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within the Second Degree of Relationship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Tai-Chyang Investment Co., Ltd.	59,909,508	13.45%	0	0%	0	0%	NA	NA	
Chang, Chin-Yu (Representative of Tai-Chyang Investment Co., Ltd.)	6,029,632	1.35%	0	0%	0	0%	Chang, Wang-Mei	Mother	
Shun-Chyang Investment Co., Ltd.	25,317,298	5.68%	0	0%	0	0%	NA	NA	
Chang, Wang-Mei (Representative of Shun-Chyang Investment Co., Ltd.)	0	0%	0	0%	0	0%	Chang, Chin-Yu	Son	
Sheng-Chyang Investment Co., Ltd.	18,992,047	4.26%	0	0%	0	0%	NA	NA	
Chang, Wang-Mei (Representative of Shun-Chyang Investment Co., Ltd.)	0	0%	0	0%	0	0%	Chang, Chin-Yu	Son	
Chin Ying Fa Mechanical Ind. Co., Ltd.	6,898,000	1.55%	0	0%	0	0%	NA	NA	
Shih, Yu-Lung (Representative of Chin Ying Fa Mechanical Ind. Co., Ltd.)	3,602,060	0.81%	0	0%	0	0%	Shih, Yung-Che	Brother	
Chang, Chin-Yu	6,029,632	1.35%	0	0%	0	0%	Chang, Wang-Mei	Mother	
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	5,299,800	1.19%	0	0%	0	0%	NA	NA	
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	4,978,055	1.12%	0	0%	0	0%	NA	NA	
Shih, Yung-Che	4,172,114	0.94%	0	0%	0	0%	Shih, Yu-Lung	Brother	
Hsieh, Tien-Shang	4,159,228	0.93%	0	0%	0	0%	NA	NA	
JPMorgan Chase Bank N.A. Taipei Branch in custody for J.P. Morgan Securities	3,732,039	0.84%	0	0%	0	0%	NA	NA	

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

As of April 18, 2022
Unit: shares

Affiliated Companies (Note 1)	Ownership by the Company		Ownership by Directors, , Managerial Officers, and Directly/ Indirectly Controlled Entities		Total Ownership	
	Shares	%	Shares	%	Shares	%
Ji-Mao Investment Co., Ltd.	10,000,000	100%	—	—	10,000,000	100%
YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	1041.8516 (Note 2)	100%	—	—	1041.8516 (Note 2)	100%

Note 1: Equity method used.
Note 2: TRY 1,000 thousand per share, 1041.8516 shares in total.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Sources of Capital

Year/Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount (NTD)	Number of Shares	Amount (NTD)	Source of Capital	Capital Increase by Assets Other than Cash	Others
2021.09	10	499,000,000	4,990,000,000	444,361,453	4,443,614,530	Corporate Bond Conversion 72,307,100	—	Note 1
2021.11	10	499,000,000	4,990,000,000	444,534,527	4,445,345,270	Corporate Bond Conversion 1,730,740	—	Note 2
2022.02	10	499,000,000	4,990,000,000	444,642,527	4,446,425,270	Corporate Bond Conversion 1,080,000	—	Note 3
2022.04	10	499,000,000	4,990,000,000	445,354,527	4,453,545,270	Corporate Bond Conversion 7,120,000	—	Note 4

Note 1: Approved by the letter of Jing-Shou-Shang-Zi No. 11001174820 of the Ministry of Economic Affairs dated Sep 28, 2021.
Note 2: Approved by the letter of Jing-Shou-Shang-Zi No. 11001216170 of the Ministry of Economic Affairs dated Nov 25, 2021.
Note 3: Approved by the letter of Jing-Shou-Shang-Zi No. 11101016270 of the Ministry of Economic Affairs dated Feb 14, 2022.
Note 4: As of April 18, 2022, the conversion registration has not been applied to the Ministry of Economic Affairs.

As of April 18, 2022; Unit: shares

Share Type	Authorized Capital			Remarks
	Issued Shares (public listed)	Unissued Shares	Total Shares	
Common Share	445,354,527	53,645,473	499,000,000	—

4.1.2 Shareholder Structure

As of April 18, 2022

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Individuals	Foreign Institutions & Individuals	Total
Number of Shareholders	0	17	93	44,441	146	44,697
Shareholding (shares)	0	4,051,353	123,961,856	277,446,609	39,894,709	445,354,527
Percentage	0%	0.91%	27.83%	62.30%	8.96%	100.00%

4.1.3 Distribution of Equity Ownership

As of April 18, 2022

Interval of Shares Held	Number of Shareholders	Total Shares Held	Shareholding Percentage
1 ~ 999	8,079	2,176,468	0.49 %
1,000 ~ 5,000	27,985	57,398,297	12.89 %
5,001 ~ 10,000	4,457	34,687,785	7.79 %
10,001 ~ 15,000	1,498	18,593,114	4.18 %
15,001 ~ 20,000	836	15,326,201	3.44 %
20,001 ~ 30,000	707	17,717,727	3.98 %
30,001 ~ 40,000	276	9,717,591	2.18 %
40,001 ~ 50,000	219	10,111,469	2.27 %
50,001 ~ 100,000	366	26,228,967	5.89 %
100,001 ~ 200,000	136	19,215,830	4.31 %
200,001 ~ 400,000	60	16,540,009	3.71 %
400,001 ~ 600,000	26	12,445,198	2.79 %
600,001 ~ 800,000	8	5,729,241	1.29 %
800,001 ~ 1,000,000	4	3,719,671	0.84 %
Over 1,000,001	40	195,746,959	43.95 %
Total	44,697	445,354,527	100.00 %

4.1.4 List of Major Shareholders

As of April 18, 2022

Shareholder's Name	Shareholding	
	Shares	Percentage
Tai-Chyang Investment Co., Ltd.	59,909,508	13.45%
Shun-Chyang Investment Co., Ltd.	25,317,298	5.68%
Sheng-Chyang Investment Co., Ltd.	18,992,047	4.26%
Chin Ying Fa Mechanical Ind. Co., LTD.	6,898,000	1.55%
Chang, Chin-Yu	6,029,632	1.35%
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	5,299,800	1.19%
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	4,978,055	1.12%
Shih, Yung-Che	4,172,114	0.94%
Hsieh, Tien-Shang	4,159,228	0.93%
JPMorgan Chase Bank N.A. Taipei Branch in custody for J.P. Morgan Securities	3,732,039	0.84%

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

Unit: NT$

Item\Year	2020	2021	As of March 31, 2022
Market Price per Share (Note 1)			
Highest	29.40	47.30	38.25
Lowest	19.80	24.40	29.60
Average	24.22	32.22	32.34
Net Worth per Share (Note2)			
Before Distribution	20.79	21.15	21.21
After Distribution	19.40	Undistributed	—
Earnings per Share			
Weighted Average Shares	407,459,510	440,543,664	444,669,283
Earnings Per Share (Note 3)	1.04	2.86	0.95
Dividends per Share			
Cash Dividends	1.47501729	1.50 (Note 8)	—
Stock Dividends			
✧ Dividends from Retained Earnings	0.00	0.00	—
✧ Dividends from Capital Surplus	0.00	0.00	—
Accumulated Unpaid Dividends (Note 4)	0.00	0.00	
Return on Investment			
Price / Earnings Ratio (Note 5)	23.28	11.26	—
Price / Dividend Ratio (Note 6)	16.14	21.48	—
Cash Dividend Yield Rate (Note 7)	6.19%	4.66%	—

Note 1: Please list the market share prices, including the highest, lowest and average of common stock for the year, and the average market price should be calculated based on trading value and volume for each year.
Note 2: Please use the number of the issuing shares in the year end as the base with the distribution decision resolved at the Shareholders' Meeting held in the following year.
Note 3: For retroactive adjustment made for stock dividends, both before and adjustments earnings per share should be disclosed.
Note 4: For securities issued with terms that entitle the holder to accumulate the unpaid dividend during the current year, for receiving in an earning-generating fiscal year, the accumulated unpaid amount shall also be disclosed.
Note 5: Price/earnings Ratio = Average closing price per share /Earnings per share.
Note 6: Price/dividend ratio = Average closing price per share /Cash dividend per share.
Note 7: Cash dividend yield = Cash dividend per share/Average closing price per share.
Note 8: The figures for 2021 were proposed by the Board of Directors, to be final approved by the shareholders in the Shareholders' Meeting.

4.1.6 Dividend Policy and Implementation

A. Dividend Policy

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

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

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

B. Distribution of dividend of current year

The proposal of 2021 earnings distribution has been adopted by the second Board of Directors meeting in 2022 and will be submitted to the annual general shareholders' meeting for approval. It is proposed to distribute cash dividend of NT$666,693,791, NT$1.5 per share. In the event that the conversion of convertible corporate bonds into ordinary shares or other reasons affects the number of outstanding shares, resulting in a change in the distribution rate, the Chairman has been authorized to adjust related matters.

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

4.1.8 Employee Bonus and Directors' Remuneration

A. Percentage or range of remuneration to employees and directors as stipulated in the Company's Articles of Incorporation:

In case the Company results profits for the year, it shall reserve 5% of profits as employees' profit sharing, and the Board of Directors shall determine said profits shall be distributed by way of share or cash, which can also be distributed to employees of affiliations who meet certain conditions; Board of Directors may also adopt a resolution to reserve up to 2% of said profits as Directors' compensation. The resolution of distribution of employees' profit sharing and directors' compensation shall be reported to the Shareholders' Meeting. In case the Company still has accumulated losses, a certain amount of the earnings corresponding to accumulated losses shall be retained, then the employees' profit sharing and directors' compensation shall be reserved by the percentage specified in the preceding paragraph.

B. Basis for estimating the amount of employee and director remuneration, and accounting treatment for discrepancies between the actual and estimated distributed amount for the period:

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

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

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

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

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

1. The date of the resolution: March 18,2022.

2. The type of remuneration and amount: The employees' profit sharing will be NT$84,774,432 whereas the directors' compensation will be NT$33,909,773. All will be paid in cash and the amount has no significant difference from the estimated figures.

3. Distribution of employees' profit sharing by way of share, its amount to net income of the current year of the parent company only/consolidated financial statements, and to the total amount of employees' profit sharing: N/A.

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

The actual distributed amounts of 2020 employees' profit sharing and directors' compensation paid in cash approved by the 2021 shareholders' meeting were NT$26,873,078 and NT$10,749,231 respectively. The actual distributed amounts had no significant difference from the estimated figures.

4.1.9 Buyback of Treasury Shares: None.

4.2 Issuance of Corporate Bonds

4.2.1 Issuance of Corporate Bonds

Type of Corporate Bond		The 3rd domestic unsecured convertible corporate bonds
Date of Issuance		December 15, 2020
Face Value per Bond		NT$100,000
Place of Issue and Trading		N/A
Issue Price		At 100% of par value
Total Amount Issued		NT$1,000,000,000.
Coupon Rate		0%
Issuance Period		Five Years; Maturity Date: December 15, 2025
Guarantee Agency		N/A
Trustee		Bank SinoPac Co., Ltd.
Underwriting Institute		SinoPac Securities Corporation
Certifying Lawyer		Far East Law Offices, Chiu,Ya-Wen
CPAs		Deloitte & Touche, Tseng,Done-Yuin; Chiang,Shu-Chin
Methods of Redemption		Except convert, sellback and redeem the convertible corporate bonds in accordance with the Rules, the Company shall make the redemption payment by cash at par value upon maturity.
Outstanding Principal Balance		NT$ 787,000,000 (As of April 18, 2022)
Clauses of Redemption or Advance Repayment		Refer to the issuance and conversion rules for details.
Restrictive Clause		None
Name of Credit Rating Agency, Rating Date, Rating Result of Corporate Bonds		N/A
Other Rights Attached	As of the Printing Date of this Annual Report, Amount of Converted (Exchanged or Subscribed) Ordinary Shares, GDRs or Other Securities Converted	NT$ 213,000,000 (As of April 18, 2022)
	Issuance and Conversion (Exchanged or Subscribed) Method	Refer to the issuance and conversion rules for details.
Procedure for Issuance, Conversion, Exchange or Subscription, Its Effect on Equity Dilution and to Existing Shareholders' Equity		Before the bondholders exercise the conversion, the corporate bonds do not dilute the Company's equity. Bondholders most likely will exercise the right of conversion at the appropriate time, such timing of request for conversion will be various, which will delay the dilution effect on earnings per share. For existing shareholders' equity, although the issuance of convertible corporate bonds will slightly increase the Company's liabilities before the corporate bonds are converted, however, when converting convertible corporate bonds into ordinary shares, in addition to reducing liabilities, it can also increase shareholders' equity. In the long run, the impact on existing shareholders' equity is not profound.
Transfer Agent		None

4.2.2 Information of Convertible Corporate Bonds

Unit: NT$

Type of Corporate Bonds		The 3rd domestic unsecured convertible corporate bonds		
Item		Year		
		2020	2021	For the most recent year as of April 18, 2022
Market price of convertible bonds	Highest	129.00	180.00	151.00
	Lowest	110.00	117.00	129.00
	Average	121.06	138.25	139.34
Conversion Price		26.0	25.0 Effective Date: Oct 11,2021	25.0
Date of issuance and conversion price at issuance		Date of issuance: December 15, 2020 Conversion price at issuance: NT$26.5		
Conditions for conversion		New shares		

4.3 Issuance of Preferred Shares: None.

4.4 Issuance of Global Depository Receipts: None.

4.5 Issuance of Employee Stock Warrants: None.

4.6 Issuance of New Restricted Employee Shares: None.

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

4.8 Implementation of Capital Utilization Plan

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

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

V. Operation Highlights

5.1 Business Activities

5.1.1 Business Scope

A. Main Business Scope of YC INOX

The Company's major business is manufacturing and distribution of stainless steel products, which are divided into:

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

B. Revenue Breakdown:

Unit: NT$ thousands

Year / Major Product	2021		2020	
	Sales Amount	%	Sales Amount	%
Stainless Steel Tube and Pipe	9,478,885	53.32	6,841,412	53.80
Stainless Steel Sheet and Coil	8,047,890	45.27	5,644,691	44.39
Other Stainless Steel Products	251,144	1.41	231,049	1.81
Total	17,777,919	100.00	12,717,152	100.00

C. New products Plan to Development:

1. Increasing the production capacity of large-diameter welded pipe.
2. Development and implementation of automated pickling line.
3. Development and implementation of automated warehousing systems.

5.1.2 Industry overview:

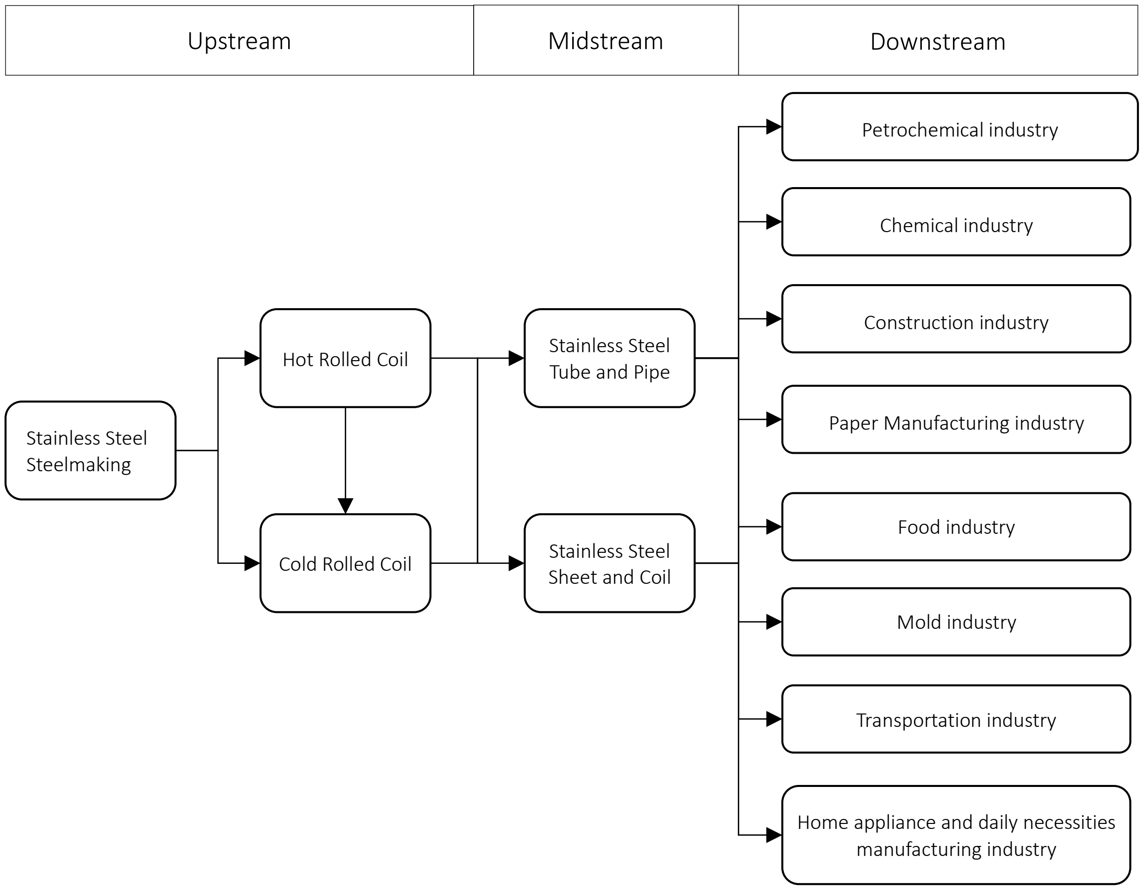
A. Current situation of the industry and its future development:

The Company manufactures stainless steel pipes and tubes, stainless steel angles, flat bars, U channel, and provides stainless steel coil (plate) cutting services. The Company belongs to the secondary stainless steel processing industry of the steel industry.

Stainless steel is one kind of special steel, which has the characteristics of beautiful surface, corrosion resistance and oxidation resistance. When industrial products need to have characteristics such as strength, corrosion resistance, processability and other functions, stainless steel is often given priority. Therefore, its applicable range covers almost all fields, such as daily necessities, aerospace technology and nuclear power engineering, etc., has a wide range of uses. Although the demand for stainless steel products fluctuates with the global economic growth and decline, the output still has a certain market due to the limited supply of nickel ore. However, in the long run, limited by the nickel raw material, it is not easy for the output to increase significantly, but the future decline should not be large as well. Moreover, stainless steel has the characteristics of anti-oxidation, anti-corrosion and recyclability, in the future, it will gradually replace carbon steel. Therefore, the stainless steel industry is expected to grow steadily.

B. Relevance between the upstream, midstream, and downstream sectors of the industry:
The Company is in the midstream of stainless steel industry, and its upstream manufacturers are engaging in the manufacture of steel billet, cold-rolled and hot-rolled coils, mainly welding and processing cold-rolled and hot-rolled steel coils into steel pipes or slitting, polishing and cutting, etc. Since stainless steel products are widely used and are indispensable materials for various light and heavy industries, therefore its downstream industries include petrochemical, construction, food and machinery industries.

Structure Diagram of Stainless Steel Industry



C. Product development trends:
1. Potential to replace carbon steel and seamless stainless steel pipe and tube
The Company engages in welded stainless steel pipes and tubes manufacturing, develops and implements laser welding technique, which has features such as sophisticated welding quality, high mechanical precision, high reliability, stable quality, high efficiency with low cost, etc. In addition, 100% X-ray weld examination is implemented, and its quality coefficient equals to seamless stainless steel pipe and tube. For certain reason, the manufacture of special fields of piping must use seamless stainless steel pipe and tube, other than that, welded stainless steel pipes and tubes have the advantage of lower prices than seamless stainless steel pipes and tubes, which makes welded stainless steel pipes and tubes a better choice for customers.
2. To fulfill the diverse needs of customers
The Company has a complete production line for stainless steel products, and has set up a complete quality management system. In the future, our focus of manufacturing process research and development will be the implementation of AI, to make our production lines, warehousing and logistics more automated and intelligent to meet customer needs for product quality, ontime delivery, competitive price and service.

D. Product competition:

Our production ability, marketing, product quality and total weight sold of stainless steel pipes and tubes, stainless steel sheets and coils and other products are in a leading position in the market. Our major competitors are located in Taiwan, China, Vietnam, India and Europe. Due to stable domestic market development and good reputation, and continuous investment in hardware and software equipment and development of new products, make us better than those in the industry. In recent years, the Company has introduced many professionals to comprehensively improve our production efficiency and product quality management. We also plan to set up production bases overseas to supply and serve our customers on-site, hoping to replicate our strength of domestic market developing to develop overseas markets.

5.1.3 Research and development:

YC INOX engages in stainless steel processing industry, its research and development focus on the improvement of processing techniques, machinery and equipment, and the efficiency of production processes. The Production Department is responsible for the research and development of processing techniques. Years been through, our process techniques are now very proficient. We continue to improve, achieving the goal of automatic production.

A. R&D results:

Over the years, we have developed laser welding technology, automated pickling process with zero discharge and automated warehouse systems, etc. Those are YC INOX's innovative technologies that outshine the industry. In addition, our product quality and our environmental protection plan are especially affirmed by customers.

Major project R&D achievements in 2021 are as follows:

1. Improvement in Processing efficiency:

(1) Collaborative robots introduced to the forming section of piping machine.

(2) Introduction of the tube automatic polishing machine.

(3) Introduction of the cutting machine monitoring system.

2. Energy and Environmental Protection Technology

(1) Introduction of anaerobic fluidized bed bioreactor technology (AFB) to decompose nitrate nitrogen, and achieves in advance the national standard for the content (total nitrogen) in the discharged water of 2027.

(2) Introduction of sludge evaporation system.

3.The R&D Expenses in 2021 were around NT$18.22 million.

B. R&D plan:

Facing the challenges of the operating environment, the Company will continue to strengthen its differentiated advantages such as process improvement, cost reduction, product quality enhancement, energy conservation and environmental protection and customer service, so as to enhance the Company's overall competitiveness and achieve sustainable growth goals.

The R&D plan in the future is expected to invest NT$28 million.

5.1.4 Long-term and Short-term Development:

The Company has a foothold in Taiwan, its business activities are spread all over the world. On the basis of excellent management and quality adherence, it has the most professional team, and focuses on customer service-oriented, continuously pursues excellence and improvement, and always hope to provide the best products and services to customers, establishes a deep friendship and mutual trust with customers, to create mutually beneficial values in the future.

A. Short-term development plan:
1. Strengthen manufacturing process and technical capabilities to enhance competitiveness, quality and added value of our products.
2. With the reengineering of production lines and manufacturing process, old equipment is replaced with new ones to enhance the efficiency of environmental protection, energy saving and production.
3. Follow market trends, flexibly adjust business strategies and diversify product portfolios to enhance overall competitiveness.
4. Improve information and communication security protection.
5. Started operation of overseas production.
6. Continue to promote sustainable development strategies and action plans, fulfill corporate social responsibilities, and achieve the goal of sustainable development.

B. Long-term development plan:
1. Establish a diversified business entity for sustainable operation.
2. Expand overseas production bases to strengthen the global competitiveness of products.
3. Implement AI, to make our production lines, warehousing and logistics more automated and intelligent.
4. Improve employee training and the inheritance of techniques and experiences to achieve the goal of evergreening.

5.2 Market and Sales Overview

5.2.1 Market Analysis

A. Main Sales regions breakdown:

Unit: NT$ thousands

Year / Region		2019		2020		2021	
		Amount	%	Amount	%	Amount	%
Domestic		2,582,955	15.84	2,968,207	23.34	4,085,060	22.98
Exports	Asia	2,575,970	15.79	1,911,655	15.03	1,656,729	9.32
	Americas	3,183,455	19.52	2,372,694	18.66	3,550,518	19.97
	Europe	5,038,151	30.89	2,950,876	23.20	4,730,537	26.61
	Oceania	1,873,852	11.49	1,607,534	12.64	2,866,136	16.12
	Africa	1,054,356	6.47	906,186	7.13	888,939	5.00
Total		16,308,739	100.00	12,717,152	100.00	17,777,919	100.00

B. Market shares:

Based on the 2021 statistics gathered by the Taiwan Steel & Iron Industries Association, the total sales of welded stainless steel pipes/tubes and stainless steel sheets/coils (including cold-rolled 300 series, 400 series and hot-rolled 300 series) in Taiwan and the Company's sales in the past three years are compared as follows:

Unit: Metric Ton

Items \ Quantity \ Year			2019		2020		2021	
			Weight	Growth Rate (%)	Weight	Growth Rate (%)	Weight	Growth Rate (%)
Stainless Steel pipes/tubes-Domestic	Total Sales Volume of TW		111,664	2.47	116,527	4.36	131,580	12.92
	YC INOX	Sales Volume	24,628	(2.76)	26,591	7.97	30,731	15.57
		%	22.06		22.82		23.36	
Stainless Steel pipes/tubes-Export	Total Sales Volume of TW		133,525	(16.11)	119,570	(10.45)	132,180	10.55
	YC INOX	Sales Volume	63,891	(13.74)	57,903	(9.37)	58,881	1.69
		%	47.85		48.43		44.55	

Unit: Metric Ton

Items \ Quantity \ Year			2019		2020		2021	
			Weight	Growth Rate (%)	Weight	Growth Rate (%)	Weight	Growth Rate (%)
Stainless Steel Plates and sheets/coils-Domestic	Total Sales Volume of TW		949,605	(4.69)	1,040,398	9.56	1,104,527	6.16
	YC INOX	Sales Volume	13,159	(2.27)	17,742	34.83	21,123	19.06
		%	1.39		1.71		1.91	
Stainless Steel Plates and sheets/coils-Export	Total Sales Volume of TW		877,833	(9.95)	707,360	(19.42)	993,609	40.47
	YC INOX	Sales Volume	110,552	(9.28)	73,832	(33.22)	72,021	(2.45)
		%	12.59		10.44		7.25	

C. Future market supply and demand and growth potential:

Because of its characteristics such as corrosion resistance, high temperature resistance and recyclability, stainless steel products are widely used. With the stable price of stainless steel materials, related products have been widely used in various industries. The Company will continue to reduce production costs with excellent product quality and economic scale production and sales. The Company also has proficient production technology, combined with research and development ability, to develop high value-added products. The Company separate its sales market clearly in order to create maximum profits.

D. Competitive niche:

1. Extensive industry experiences

The Company is a professional stainless steel pipe/tube and plate/coil manufacturer. The Company's management team has extensive management experience, and is familiar with the stainless steel industry and has strong professionalism. They lead the Company to face the ever-changing industrial economic and formulate effective business strategies.

2. Excellent process technology and product quality

The Company has mature production technology, continuous innovation and enrichment of the technical skills of employees. The Company has obtained a number of international quality, technology and environmental safety certifications, and its products are widely used by local and foreign companies, which proves the excellent quality of the products and the products are trusted by customers.

3. Consistent production and Institutionalized inspection mechanism

In order to meet the growing demand for stainless steel pipes/tubes in the country and abroad, the Company continuously introduces advanced machinery and equipment, and strengthens the reengineering of production lines to improve production capacity and production efficiency. The production equipment currently owned by the Company is the most complete and sophisticated in the industry. In order to ensure the stability of the product quality, and the ingredients and specifications can meet the needs of customers, the Company has also introduced many QA inspection equipment to ensure the quality of products.

4. Diversified marketing channels and raw materials sources

After more than 40 years of hard work, the Company has taken a stable leading position in the domestic market and is actively moving towards internationalization. The Company diversifies its sources of materials; on the other hand, it obtains various international quality certifications, which is an advantage to attract internationally renowned customers to diversify business risks.

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

1. Favorable factors

(1) The most extensive technology and experience; the most complete product specifications and marketing channels.

(2) Have experience and reputation in providing products to large-scale engineering.

(3) Continue to replace production equipment and strengthen production line process reengineering, which will improve production efficiency, reduce labor costs and manufacturing costs, and make products more competitive.

(4) The production capacity of upstream stainless steel companies has increased significantly, which means that there will be no shortage of material sources in the future and costs can be reduced.

(5) The diversified product portfolio can meet the needs of customers who want to buy all the products at the same time.

2. Unfavorable factors

(1) The volatility of raw material prices has increased, making inventory control more difficult.

(2) Rising labor awareness and insufficient manpower supply have caused labor costs to rise.

(3) Due to the extremely fierce competition among domestic small and medium-sized factories, customers have other options and bargaining space is created. Therefore, product prices are affected and original profits are reduced.

(4) The exchange rate has fluctuated sharply, making it difficult to set prices for export sales.

3. Countermeasures

(1) Collect domestic and foreign raw material supply and demand data, and keep up with latest market information to strengthen the ability to predict market price trends, as a reference for raw material purchases, and observe exchange rate trends to reduce exchange rate risks.

(2) Improve the working environment and employee welfare policies to attract outstanding talents.

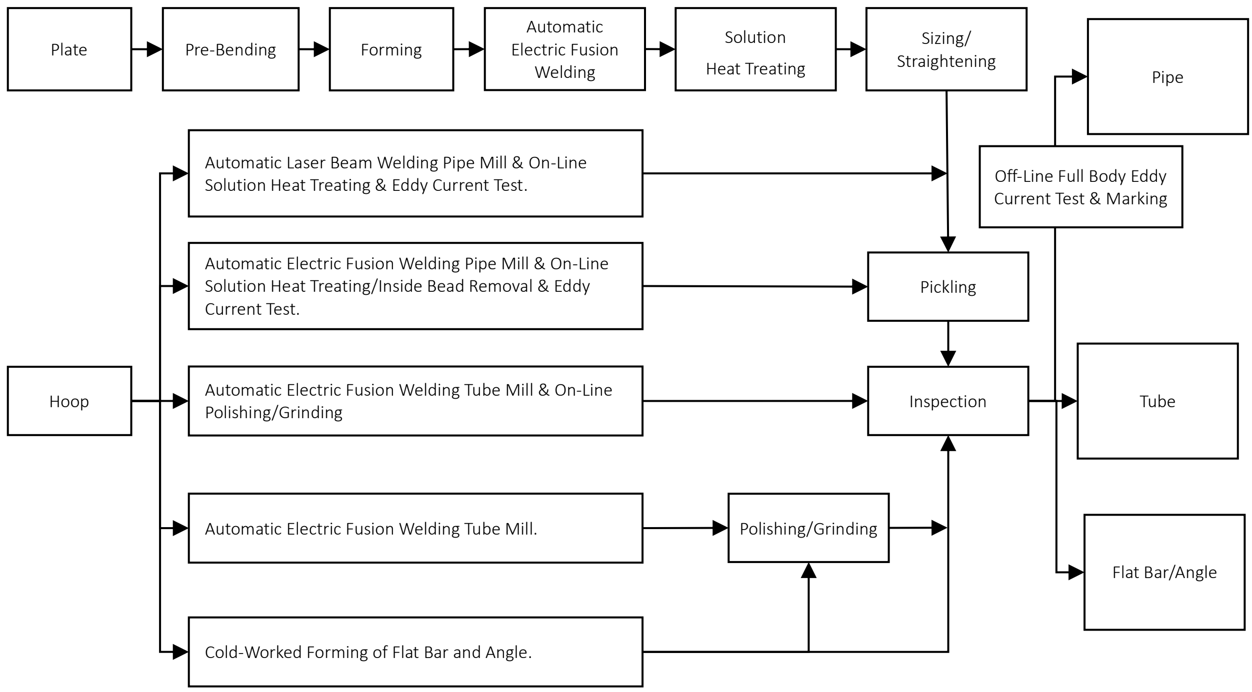
(3) Hire foreign workers to solve the problem of labor shortage.

(4) Maintain stable product quality to establish a good reputation. Through strategic alliances, implement production automation and management rationalization and other measures, to reduce costs and improve competitive advantages.

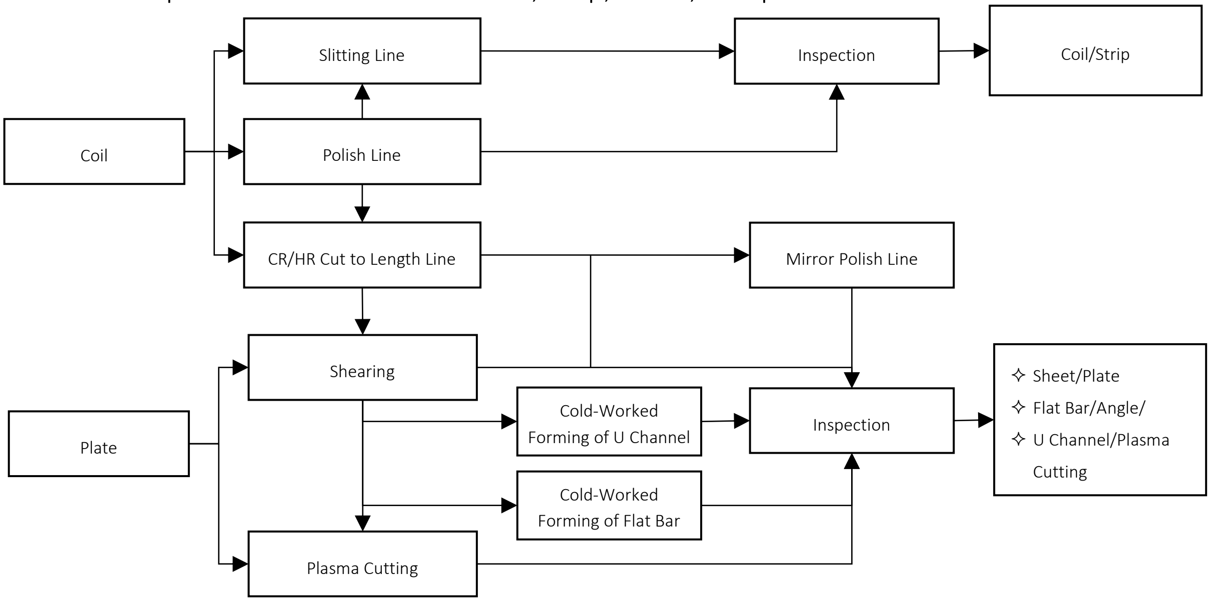
5.2.2 Uses and Production Process of Main Products:

Main Product	Applications
Stainless steel tube and pipe	Used in chemical industry, construction industry, food industry, machinery industry, environmental protection engineering, fire protection engineering, and telecommunications engineering, etc. for various functions such as corrosion resistance, high temperature resistance and pressure resistance. It is also used in handrails, railings, anti-theft doors and windows, and display racks, etc. for various aesthetic purposes.
Stainless steel sheet and coil	
Stainless steel flat bar, angle, and U channel, etc. Other stainless steel products	

A. Production process of stainless steel tube and pipe:



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



5.2.3 Supply of Major Raw Materials

The Company's major raw materials are cold-rolled and hot-rolled stainless steel coils and sheets. Due to the characteristics of the stainless steel industry, except for the special specifications that must be imported from abroad, the Company purchases from domestic manufacturers such as Yieh United Steel Corp., Tang Eng Iron Works Co., Ltd., and Walsin Lihwa Corporation. These companies are domestic professional manufacturers of stainless steel coils, with high quality products, reasonable prices, and stable delivery. They are our long-term cooperative manufacturers so YC INOX has no doubts of shortage of supply.

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

A. Major suppliers in the most recent two years:

Unit: NT$ thousands

Rank	2020				2021				2022 (As of March 31)			
	Name	Amount	Percentage of net purchase	Relationship with the Company	Name	Amount	Percentage of net purchase	Relationship with the Company	Name	Amount	Percentage of net purchase	Relationship with the Company
1	LXX128	3,785,812	36.58%	5	LXX128	6,548,097	37.78%	5	FXX104	1,193,551	42.22%	5
2	LXX851	3,097,171	29.93%	5	LXX851	4,701,131	27.13%	5	LXX851	839,488	29.70%	5
3	LXX852	2,485,902	24.02%	5	FXX104	2,310,436	13.33%	5	LXX128	582,612	20.61%	5
	Others	979,495	9.47%		Other	3,770,400	21.76%		Other	211,301	7.47%	
	Net purchase	10,348,380	100.00%		Net purchase	17,330,064	100.00%		Net purchase	2,826,952	100.00%	

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

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

B. Major customers in the most recent two years:

None, as no single customer contributed 10% or more of the Company’s net revenue in the most recent two years.

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

Unit: Metric Ton; NT$ thousands

Production Volume and Value / Year / Main Products	2020			2021		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Stainless Steel Tube and Pipe	130,200	85,515	6,123,663	131,400	91,020	8,247,988
Stainless Steel Sheet and Coil	227,400	85,467	4,948,209	208,200	92,754	7,113,770
Other Stainless Steel Products	4,500	3,691	235,216	4,500	4,344	215,218
Total	362,100	174,673	11,307,088	344,100	188,118	15,576,976

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

Unit: Metric Ton; NT$ thousands

Sales Volume and Value / Year / Main Products	2020				2021			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Stainless Steel Tube and Pipe	26,591	2,258,068	57,903	4,583,344	30,731	3,209,774	58,881	6,269,111
Stainless Steel Sheet and Coil	17,742	933,787	73,832	4,710,904	21,123	1,686,767	72,021	6,361,123
Other Stainless Steel Products	1,678	103,080	1,717	127,969	854	94,781	1,587	156,363
Total	46,011	3,294,935	133,452	9,422,217	52,708	4,991,322	132,489	12,786,597

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

Year		2020	2021	2022 (As of March 31)
Number of Employees	Direct Personnel	626	653	682
	Indirect Personnel	208	188	232
	Total	834	841	914
Average of Employees' Age		36.8	39.4	38.9
Average Years of Service (years)		9.1	9.6	8.6
Distribution of Academic Qualifications	MS/MA	3.70%	3.90%	4.3%
	College	34.20%	36.80%	40.1%
	High School	59.10%	56.10%	52.8%
	Below High School	3%	3.2%	2.8%

5.4 Information of Environmental Protection Expenditure

5.4.1 Disclose the amounts of loss from environmental pollution (including the violation of the environmental protection related laws by the inspection results, the date of punishment, the serial number of the punishment, the regulations it violates, the reason of the violation, and the content of the punishment should be listed) in the most recent year up to the publication date of this annual report, as well as the estimated amount and corresponding measures that may occur at present and in the future. If a reasonable estimate cannot be made, the reasons for the unreasonable estimate shall be explained:

Year \ Item	2021	As of March 2022
Contamination (type, degree)	None	Waste (the output of waste exceeds the maximum amount of waste collection)
Competent Authority		Environmental Protection Bureau Changhua County
Punishments		Punishment date: 111/1/17 Letter Number: Zhang Huan Fei Zi No. 1110003046 Violation: Article 31, Paragraph 1, Subparagraph 1 of the Waste Disposal Act Punishment: fine of NT$6,000
Other losses		None
Improvements and future countermeasures		Amending the Waste Disposal Plan

5.4.2 Future countermeasures and contingent expenditures:
The Company will continue to strengthen employee educations and training to ensure that the requirements of environmental protection related laws have been met when the Company produces various pollutions (such as exhaust gas, wastewater and other wastes), and regularly review and update the contents of permissions to continue to comply with the requirements of environmental protection related laws.

5.5 Labor Relations

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

A. Welfare measures and its implementation

1. The Employee Welfare Committee of the Company coordinates and handles various welfare measures, including provide weddings and funerals subsidies, injury or hospitalization condolences, organize an event to celebrate “Family Day”, provide children scholarships for employees, distribute festive subsidies and organize birthday party activities.
2. All employees participate in labor insurance and national health insurance.
3. Provide employees with regular health checks and continuously improve the working environment of the workplace.
4. Regularly organize employee education and training, and send personnel for observation and learning abroad.
5. Insuring accident insurance for all employees so employees can devote themselves to work.
6. The Company has established methods to allow all employees to share operating results so the Company can unite centripetal force of employees.

B. Education, training and its implementation

1. The Company firmly believes that talents are the Company's greatest asset. Only with outstanding talents can we create higher profits. Therefore, the cultivation of talents has been one of the Company's major operational goals throughout the years. For the cultivation of talents, the first priority is education and training. Each year, the Company plans different training projects according to the tasks and job requirements of each department, and arranges annual education and training plans, arranges internal and external training, with the participation of personnel from various departments, to strengthen the cultivation of talents.
2. The Company has stipulated the "Employee Education and Training Measures", which can be divided into general knowledge training for new recruits, basic job training, on-the-job training and annual education and training to effectively implement education and training. The

implementation procedures have been standardized and implemented in accordance with ISO9001 to ensure the quality of training.

3. Education and training status of Directors, internal auditors, Chief Accounting Officer and financial statements preparation personnel in 2021:

Personnel	Course Type	Hours Trained
Directors and Independent Directors	Practical Courses	87.0
Chief Corporate Governance Officer	Professional Courses	15.0
Internal Auditors	Professional Courses	54.0
Chief Accounting Officer and Financial Statements Preparation Personnel	Professional Courses	45.0

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

(1) Number of Person(s) Obtaining the Certified Internal Auditor (issue by the Institute of Internal Auditors-Chinese Taiwan): 1 in Finance Department, 1 in Accounting Division, 1 in Internal Audit Office.

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

(3) Number of Person(s) Obtaining the Certified Public Accountant in Taiwan: 1 in General Manager Office.

(4) Number of Person(s) passed the Stock Affair Specialist examination held by the Securities & Futures Institute: 1 in Finance Department.

(5) Number of Person(s) passed the Enterprise Internal Control Basic Ability examination held by the Securities & Futures Institute: 1 in Finance Department.

4. Employee education and training status in 2021: The total training hours of the courses exceeded 26,975 hours, more than 5,722 people participated in those courses. The total training cost reached NT$1.41 million. The content of these training courses covers management, professional techniques, quality management, environmental safety and health, new employee training, managements' training, general knowledge education and training, etc.

C. In order to regulate employees' compliance with ethics, to inherit the Company's high-quality culture and enhance corporate image, and to ensure the Company's sustainable operation and development, the Company has stipulated the "Codes of Ethical Conduct for Employees" to regulate employees' behavior and ethics, which includes matters such as moral and ethical regulations, prevention of conflicts of interest, gifts and hospitality, maintenance of the correctness of information, protection of intellectual property rights, reporting, protection, and exemption.

D. Internal material information and procedures for prohibition of insider trading regulations:

The Company has stipulated the Procedures for prohibition of insider trading regulations and the Procedures for management of insider's shareholding transaction. Said procedures have been disseminated to all of the employees, managerial managers and directors, and the Company has required relevant personnel related to those procedures to sign a confidentiality agreement with the Company. The Company also disseminates the dissemination handbook of TWSE listed company insider's shareholding transaction to insiders of the Company.

E. Energy, environmental and occupational safety and health management system:

1. Environmental safety&health and energy policy:

The Company has a foothold in Taiwan, our business activities are spread over the five continents, and we use international perspectives as reference to decide our direction of operations. We believe in customer service-oriented, establish a deep friendship and mutual trust with customers to create new prospect. YC INOX will focus on reducing the impact of energy, environment and occupational safety and health caused by processes, facilities and activities.

(1) Strictly comply with applicable laws and regulations: Comply with environmental and occupational safety and health related laws, regulations and other requirements.

(2) Popularization of related awareness: Convey technical knowledge to employees, making them aware of their personal responsibilities to strengthen the effectiveness of the management system.

(3) Consultation and communication: Strengthen the interaction with employees, establish consultation and communication channels, and give appropriate responses.

(4) Risk control: Adopt appropriate risk control to eliminate the hazards caused by pollutants and hazardous factors and reduce losses, to protect the safety and health of employees.

(5) Continuously optimize performance: Establish goals and plans for pollution prevention, injury and disease prevention, continuously improve related management performance.

(6) Friendly environment: Strengthen the environmental improvement of the workplace and the health management of employees, provide a safe and healthy working environment to prevent work injuries.

(7) Energy saving and carbon reduction: Committed to the use of energy-saving products, energy-saving design and related services to improve energy efficiency and reduce greenhouse gas emissions.

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

(1) The Company firmly believes that employees are the most important asset in the development of the Company, and environment protection is the Company's social responsibility, all disasters can be prevented; The Company continuously strives to prevent occupational accidents and reduce environmental pollution through the introduction of ISO 14001 and ISO 45001 management systems, so as to achieve continuous improvement, comply with the requirements of relevant laws and regulations, and achieve the ultimate goal: zero accident and pollution.

(2) The Company implements the environmental and occupational safety and health management system to assess material environmental and occupational safety and health risks; By identifying the light, medium, and heavy risk items in accordance with the 8-2 rules, The Company sets short, medium and long-term improvement goals and plans, and outstanding effects have been obtained.

3. Energy saving and carbon reduction:

(1) In line with the international trade situation and the government's promotion of the net zero carbon emission plan, the Company has obtained the ISO 50001 energy management system certification and completed the ISO 14064-1 greenhouse gas inventory. Through our energy management system, we identify large-scale energy-consuming equipment, and formulate an annual energy use policy and target management plan to continuously implement energy-saving improvement plans and reduce carbon emissions.

(2) Company also planned to build 5,511.72kWp solar power generation, with a total area of about 39,669.6 m2 and the investment amount is about NT$180 million. It is expected to complete the parallel trial operation before end of May, 2021. After completion, it could generate about 7.3 million kWh of electricity per year. According to the latest annual electricity carbon emission coefficient of 0.502 kg CO2/kWh which was announced by Bureau of Energy in 2020, it can reduce CO2 emissions by about 3,665 metric tons per year, which is about 375 hectares of afforestation benefits.

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

1. Occupational safety and health management plan:

In order to materialize occupational safety and health management and achieve the goal of zero accident, the Company has stipulated safety and health management plans, which have been implemented by various departments. In addition, through the ISO45001 management system, in the labor meeting (held in every three months) of the Safety and Health Committee and the annual management review meeting, the Company appropriately modifies the content of the plans, in order to reduce the Company's hazard and risk year by year.

2. Environmental monitoring on the workplace:

In order to well know the environmental conditions of the workplace, the Company has planned various monitoring items according to the environment of the workplace, and formulated a sampling strategy, taking samples for the most likely exposed persons. The monitoring items are as follows: Noise, organic solvents (toluene, xylene), inhalable dust, total dust, hydrofluoric acid, nitric acid... etc.

3. Automatic inspection measures:

In order to prevent occupational accidents such as labor injuries and deaths due to mechanical failures during use of machinery and equipment, and to ensure the safety of operating machinery, the Company requires the personnel who use machinery and equipment must perform pre-operation inspections, periodic inspections, and overall inspections with various scopes of automatic inspections.

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

4. Health dissemination:

(1) In order to accurately know the physical health of employees and understand the impact of physical and chemical substances in the workplace on human body, the Company has implemented health inspections which is superior to the legal frequency. The Company also co-organizes health lectures with large hospitals, and publishes information on safety and health, health care, occupational disasters, and other related information on the bulletin boards, serve as teaching materials for departments' dissemination or internal training.

(2) Hire professional nurses to handle labor health protection matters such as health management, occupational disease prevention and health dissemination.

G. Social responsibility

1. Environment protection:

(1) Based on the social responsibility of environmental protection, the Company has obtained the ISO14001 environmental management system certification, and materializes the social responsibility of environmental protection through the system.

(2) In order to reduce waste, the Company recycles resource-type wastes (such as waste paper, scrap iron... etc.) through the way of recycled by recyclers, to reduce the generation of wastes.

2. Charitable donations:

Based on the care of disadvantaged groups, the development of grass-roots education, and funding of governmental activities, the Company donates to the Shenq-Jyh special education center, the local schools where our mills are located, and a number of charitable organizations every year to take care of the disadvantaged groups and support the government.

H. Pension plan and its implementation:

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

I. Various employee rights protection measures:

Although the Company does not have a labor union, we hold labor meeting every quarter and emphasize labor-management harmony. Under the principle of paying attention to the opinions of employees, the Company not only stipulates working rules in accordance with applicable laws and regulations to reasonably standardize employee services, salary, working hours, personal leaves, retirement, pensions, etc., but also implements safety, health, education and training and other measures for employees. In the meantime, we pay attention to the opinions of employees, through communication and coordination with them, we earn their trust and support. So far, no material labor disputes have occurred or caused losses, which means the labor-management relationship is harmonious.

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

The Company attaches great importance to labor-management relations and there has been no loss due to labor disputes in the most recent year and up to the publication date of this annual report.

In accordance with the Article 18, Paragraph 5 of the Regulations Governing Information to be Published in Annual Reports of Public Companies, the following items need to be disclosed: None.

5.6 Information communication safety management:

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

A. Information Security Risk Management Framework

The Company has stipulated the Procedures for Computer Operation Safety Management, to standardize the implementation of information security. The responsible unit for information security is the information room, which is responsible for planning, implementing and promoting information security management matters, and regularly enhances the information security awareness of personnel through education and training. In addition, the CPA firm we engaged regularly sends staff to check the Company's information system.

The head of the Information Technology Office is the dedicated director of information security, who needs to report the information security implementation status to the CEO from time to time, and regularly report information security implementation results to the Board of Directors every year. The Company also has dedicated information personnel who are responsible for the planning and implementation of information security.

Organizational operation mode: PDCA (Plan-Do-Check-Act) cycle management is adopted to ensure the achievement of reliability goals and continuous improvement.

The Company regularly reports information and communication security management and implementation results to the Board of Directors every year.

B. Information and Communication Security Policy

In order to enable the Company's information assets to operate effectively, ensure the security of information transmission and transactions, reduce the damage caused by information security incidents, and protect the confidentiality and integrity of data processing, define employee responsibilities and the security rules that should be followed, authority management, Information security incident notification procedures and information exchange procedures, the Company's information security management mechanism include the following three aspects:

1. System specification: Stipulated the Company's information security management system, regulate personnel information security behavior; outsourced manufacturers must sign a confidentiality agreement.
2. Application of technology: Build information security management equipment and implement information security management measures.
3. Personnel training: Conduct information security education and training, social engineering drills, and enhance the information security awareness of all colleagues.

C. Specific management plan

1. Authority management: Management measures for personnel account, authority management, and system operation.

(1) Personnel account authority management and review.

(2) Privileged account two-stage authentication.

2. Access Control: Control measures for personnel accessing internal and external systems and data transmission channels.

(1) Internal/External Access Control Measures.

(2) Personnel remote access behavior restrictions.

(3) External storage device control.

(4) Access control of sensitive data.

3. External threats: anti-virus, anti-hack measures.

(1) Regularly scan viruses and detect malicious programs.

(2) Set up the next generation network firewall.

(3) Endpoint Protection.

4. Operation maintenance: Monitoring system status and handling measures when services are interrupted.

(1) System/network availability status monitoring and notification mechanism.

(2) Contingency measures for service interruption.

(3) Data backup measures, local/remote backup mechanism.

(4) Regular drills for damage reduction.

D. Resources that have been put in information and communication security management

Resources that the Company put in information security management in 2021 are as follows:

1. Replacing old computers, virtualizing server hosts, and comprehensively upgrading operating systems.
2. Conduct 6 social engineering drills this year for 300 user accounts. External experts have conducted 2 information security seminars and publicity, and each unit sent seed personnel to those classes, total of 40 persons and 120 hours, to enhance employees' information security awareness.
3. In order to strengthen information security protection, email protection modules (such as URL fraud and BEC face-changing fraud) and protectable email accounts were purchased this year; next-generation endpoint protection to protect computers and servers was introduced; Entrust a professional team to monitor for hacking activities 24 hours a day; Introduced a two-factor authentication mechanism, install two-factor authentication for the server host and key user computers, and need to use mobile phone two-factor authentication to log in.

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

In 2021 and up to the publication date of the annual report, the Company has not suffered any major information and communication security incidents, and there is no related loss or impact.

5.7 Important Contracts

A. YC INOX Co., Ltd.

As of April 18, 2022

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Conditions	Restrictions
Long-term unsecured borrowings	Hua Nan Commercial Bank	2021.10.25~2025.02.21	Facility amount: NT$ 600 million	None
	The Export-Import Bank of the Republic of China	2020.03.31~2027.03.18	Facility amount: NT$ 900 million	None
	Bank Of Taiwan	2021.10.25~2024.10.25	Facility amount: NT$ 600 million	None
	E.Sun Bank.	2022.02.21~2025.02.21	Facility amount: NT$ 300 million	None

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

As of April 18, 2022

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Conditions	Restrictions
Construction	✧ YAPISAL MUHENDISLIK UYGULAMA SANAYI VE TICARET LIMITED SIRKETI ✧ YIKILMAZ ENDUSTRIYEL YAPI INSAAT SANAYI VE TICARET LIMITED SIRKETI	From January 6, 2021 to the end of the warranty period after the completion of the construction, the warranty expires in 5 years.	Construction of mills and office buildings.	None
Purchase	GURALP VINC VE MAKINA KONSTRUKSIYON SAN. VE TIC. A.S.	From March 24, 2021 to the end of the warranty period, the warranty expires in 2 years.	Crane	None

VI. Financial Overview

6.1 Five-Year Condensed Financial Statements

6.1.1 Condensed Balance Sheet and Statement of Comprehensive Income

A. Condensed Consolidated Balance Sheet-IFRS

Unit: NT$ thousands

Item \ Year		Financial information for the most recent five years					As of March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Current assets		7,387,560	6,079,902	6,259,308	5,693,449	10,460,877	9,487,562
Property, plant and equipment		3,316,499	3,734,827	4,609,174	4,644,058	4,789,937	4,872,346
Other non-current assets		1,320,742	1,834,473	1,273,885	2,875,056	3,827,930	3,740,364
Total assets		12,024,801	11,649,202	12,142,367	13,212,563	19,078,744	18,100,272
Current liabilities	Before distribution	3,945,919	3,462,972	3,826,106	2,439,496	7,954,827	6,399,646
	After distribution	4,678,754	4,195,807	4,436,802	1,783,800	Note 2	—
Non-current liabilities		520,110	306,679	867,981	1,683,692	1,721,852	2,268,548
Total liabilities	Before distribution	4,466,029	3,769,651	4,694,087	4,123,188	9,676,679	8,668,194
	After distribution	5,198,864	4,502,486	5,304,783	3,467,492	Note 2	—
Equity attributable to owners of the Company		7,558,772	7,879,551	7,448,280	9,089,375	9,402,065	9,432,078
Capital stock		4,071,307	4,071,307	4,071,307	4,371,307	4,446,425	4,452,425
Capital surplus		1,663,578	1,663,578	1,663,578	1,882,352	1,994,700	2,003,192
Retained Earnings	Before distribution	1,823,887	1,994,259	1,899,056	1,832,412	2,442,481	2,864,032
	After distribution	1,091,052	1,261,424	1,410,499	1,176,716	Note 2	—
Other equity		0	150,407	(185,661)	1,003,304	518,459	112,429
Treasury stock		0	0	0	0	0	0
Non-controlling interest		0	0	0	0	0	0
Total equity	Before distribution	7,558,772	7,879,551	7,448,280	9,089,375	9,402,065	9,432,078
	After distribution	6,825,937	7,146,716	6,837,584	8,433,679	Note 2	—

Note 1: Has been reviewed by the CPAs.

Note 2: The appropriation of the 2021 earnings has been proposed by the Company's board of directors on March 18, 2022, adopted that the Company will appropriate cash dividend of NT$1.5 per share (NT$666,964 thousand in total), to be approved by the shareholders in the shareholders' meeting to be held in June 16, 2022.

B. Condensed parent company only balance sheet-IFRS

Unit: NT$ thousands

Item \ Year		Financial information for the most recent five years				
		2017	2018	2019	2020	2021
Current assets		7,339,990	6,037,905	5,723,479	4,786,659	9,597,294
Property, plant and equipment		3,316,499	3,734,827	4,221,623	4,320,288	4,238,219
Other non-current assets		1,368,242	1,876,400	2,190,022	4,083,331	4,993,283
Total assets		12,024,731	11,649,132	12,135,124	13,190,278	18,828,796
Current liabilities	Before distribution	3,945,849	3,462,902	3,819,917	2,417,532	7,704,879
	After distribution	4,678,684	4,195,737	4,430,613	1,761,836	Note
Non-current liabilities		520,110	306,679	866,927	1,683,371	1,721,852
Total liabilities	Before distribution	4,465,959	3,769,581	4,686,844	4,100,903	9,426,731
	After distribution	5,198,794	4,502,416	5,297,540	3,445,207	Note
Equity attributable to owners of the Company		7,558,772	7,879,551	7,448,280	9,089,375	9,402,065
Capital Stock		4,071,307	4,071,307	4,071,307	4,371,307	4,446,425
Capital Surplus		1,663,578	1,663,578	1,663,578	1,882,352	1,994,700
Retained Earnings	Before distribution	1,823,887	1,994,259	1,899,056	1,832,412	2,442,481
	After distribution	1,091,052	1,261,424	1,410,499	1,176,716	Note
Other equity		0	150,407	(185,661)	1,003,304	518,459
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	7,558,772	7,879,551	7,448,280	9,089,375	9,402,065
	After distribution	6,825,937	7,146,716	6,837,584	8,433,679	Note

Note: The appropriation of the 2021 earnings has been proposed by the Company's board of directors on March 18, 2022, adopted that the Company will appropriate cash dividend of NT$1.5 per share (NT$666,964 thousand in total), to be approved by the shareholders in the shareholders' meeting to be held in June 16, 2022.

C. Condensed consolidated statement of comprehensive income-IFRS

Unit: NT$ thousands

Item / Year	Financial information for the most recent five years					As of March 31, 2022 (Note)
	2017	2018	2019	2020	2021	
Net revenue	19,265,629	19,129,638	16,308,739	12,717,152	17,777,919	4,081,880
Gross profit	1,995,245	2,020,449	1,581,591	1,184,615	2,893,140	771,064
Income from operations	1,091,710	1,131,110	802,108	464,629	1,389,221	425,206
Non-operating income and expenses	(108,447)	16,953	(24,744)	47,497	338,290	126,792
Income before income tax	983,263	1,148,063	777,364	512,126	1,727,511	551,998
Net income (loss)	816,188	909,851	623,729	423,567	1,260,047	421,551
Other comprehensive income (loss)	(3,622)	115,060	(322,016)	1,187,311	(479,127)	(406,030)
Total comprehensive income (loss)	812,556	1,024,911	301,713	1,610,878	780,920	15,521
Net income attributable to owners of the company	816,188	909,851	623,729	423,567	1,260,047	421,551
Total comprehensive income attributable to owners of the company	812,556	1,024,911	301,713	1,610,878	780,920	15,521
Earnings per share (NT$)	2.00	2.23	1.53	1.04	2.86	0.95

Note: Has been reviewed by CPA.

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

Unit: NT$ thousands

Item / Year	Financial information for the most recent five years				
	2017	2018	2019	2020	2021
Net revenue	19,265,629	19,129,638	16,308,739	12,717,152	17,777,919
Gross profit	1,995,245	2,020,449	1,581,591	1,184,615	2,893,140
Income from operations	1,091,814	1,131,220	810,739	475,914	1,407,183
Non-operating income and expenses	(108,518)	16,843	(38,055)	23,925	169,622
Income before income tax	983,296	1,148,063	772,684	499,839	1,576,805
Net income (loss)	816,188	909,851	623,729	423,567	1,260,047
Other comprehensive income (loss)	(3,622)	115,060	(322,016)	1,187,311	(479,127)
Total comprehensive income (loss)	812,566	1,024,911	301,713	1,610,878	780,920
Net income attributable to owners of the company	816,188	909,851	623,729	423,567	1,260,047
Total comprehensive income attributable to owners of the company	812,566	1,024,911	301,713	1,610,878	780,920
Earnings per share (NT$)	2.00	2.23	1.53	1.04	2.86

6.1.2 Independent Auditors' Opinions from 2017 to 2021

Year	CPA Firm	CPA's Name	Auditors' Opinion
2017	CKH & W CPA Office	Chien,Shao-Feng; Chang,Wei-Lun	Unqualified
2018	CKH & W CPA Office	Chien,Shao-Feng; Chang,Wei-Lun	Unqualified
2019	Deloitte & Touche	Tseng,Done-Yuin; Chiang,Shu-Chin	Unqualified
2020	Deloitte & Touche	Tseng,Done-Yuin; Chiang,Shu-Chin	Unqualified
2021	Deloitte & Touche	Tseng,Done-Yuin; Chiang,Shu-Chin	Unqualified

6.2 Five-Year Financial Analysis

6.2.1 Financial Analysis- IFRS- Consolidated

Item	Year	Financial information for the most recent five years					As of Mar 31, 2022 (Note)
		2017	2018	2019	2020	2021	
Capital structure	Debt to assets ratio (%)	37.14	32.35	38.65	31.20	50.71	47.88
	Long-term fund to property, plant and equipment ratio (%)	239.97	216.32	180.35	231.97	232.23	240.14
Solvency	Current ratio (%)	187.22	175.56	163.45	233.38	131.50	148.25
	Quick ratio (%)	84.92	67.47	77.92	107.82	42.38	36.52
	Interest coverage ratio	27.89	28.08	30.92	18.36	46.10	39.91
Operating ability	Trade receivables turnover (times)	9.69	10.29	11.01	11.07	14.59	13.21
	Average collection days	37.66	35.47	33.15	32.97	25.01	27.63
	Inventory turnover (times)	4.27	4.35	4.09	3.60	3.09	2.05
	Trade payables turnover (times)	61.99	51.92	59.64	71.97	32.81	20.38
	Average inventory turnover days	85.48	83.9	89.24	101.38	118.12	178.04
	Property, plant and equipment turnover (times)	5.8	5.12	3.91	2.74	3.76	3.37
	Total assets turnover (times)	1.6	1.64	1.37	1.00	1.10	0.87
Profitability	ROA (%)	7.18	7.97	5.41	3.52	7.99	9.31
	ROE (%)	10.85	11.78	8.13	5.12	13.62	17.9
	Income before income tax to paid-in capital ratio (%)	24.15	28.19	19.09	11.71	38.86	12.41
	Net margin (%)	4.23	4.75	3.82	3.33	7.08	10.33
	Eps (NT$)	2	2.23	1.53	1.0395	2.86	0.95
Cash flow	Cash flow ratio (%)	25.64	61.88	17.23	71.78	(19.95)	8.62
	Cash flow adequacy ratio (%)	93.16	109.1	96.81	95.41	42.49	43.57
	Cash flow reinvestment ratio (%)	2.75	13.53	(0.68)	8.56	(16.53)	3.88
Leverage	Operating leverage	1.91	1.9	2.18	3.05	1.82	1.63
	Financial leverage	1.03	1.03	1.03	1.06	1.02	1.03

Explanation for changes in financial ratios over 20% for the past two years:

(1) Increase in Debt to assets ratio:
Mainly due to the continuous increase in short-term borrowings in response to purchase of materials and operating turnover needs, which affected the increase in current liabilities.

(2) Decrease in current ratio and quick ratio:
Mainly due to the continuous increase in short-term borrowings in response to purchase of materials and operating turnover needs, which affected the increase in current liabilities.

(3) Increase in Interest coverage ratio:
Mainly due to net profit before tax in the current year has increased significantly compared with the previous year.

(4) Increase in trade receivables turnover and average collection days:
Mainly due to the increase in the price of stainless steel in the current year, led to a substantial increase in revenue; There is no major change in the company's accounts receivable collection policy.

(5) Derease in Trade payables turnover:
Mainly due to the substantial increase in materials purchased in the fourth quarter, which affected the increase in the balance of accounts payable.

(6) Increase in Property, plant and equipment turnover:
Mainly due to the increase in the price of stainless steel in the current year, led to a substantial increase in revenue.

(7) Increase in ROA, ROE, income before income tax to paid-in capital ratio, net margin and EPS:
Mainly due to the increase in the price of stainless steel in the current year, led to a substantial increase in revenue.

(8) Decrease in cash flow ratio, cash flow adequacy ratio, and cash flow reinvestment ratio:
the amount of purchased materials in the fourth quarter of the current year increased significantly (inventory increased by approximately 216% compared with the previous year), resulting in a net outflow of cash flow from operating activities in the current year.

(9) Decrease in Operating Leverage:
Mainly due to the substantial increase in net income.

Note: Has been reviewed by CPA.

6.2.2 Financial Analysis- IFRS- Parent company only

Item		2017	2018	2019	2020	2021
	Year	Financial information for the most recent five years				
Capital structure	Debt to assets ratio (%)	37.13	32.35	38.62	31.09	50.06
	Long-term fund to property, plant and equipment ratio (%)	239.97	216.32	196.89	249.35	262.46
Solvency	Current ratio (%)	186.01	174.35	149.7	197.99	124.56
	Quick ratio (%)	83.72	66.26	64.14	72.64	35.09
	Interest coverage ratio	27.9	28.08	30.86	18.19	43.08
Operating ability	Trade receivables turnover (times)	9.69	10.29	11.01	11.07	14.59
	Average collection days	37.66	35.47	33.15	32.97	25.01
	Inventory turnover (times)	4.27	4.35	4.09	3.60	3.09
	Trade payables turnover (times)	61.99	51.92	59.65	71.97	32.81
	Average inventory turnover days	85.48	83.9	89.24	101.38	118.12
	Property, plant and equipment turnover (times)	5.8	5.12	4.1	2.97	4.15
	Total assets turnover (times)	1.6	1.64	1.37	1.00	1.11
Profitability	ROA (%)	7.18	7.97	5.42	3.53	8.05
	ROE (%)	10.85	11.78	8.14	5.12	13.62
	Income before income tax to paid-in capital ratio (%)	24.15	28.19	18.98	11.43	35.47
	Net margin (%)	4.23	4.75	3.82	3.33	7.08
	Eps (NT$)	2	2.23	1.53	1.04	2.86
Cash flow	Cash flow ratio (%)	26.03	61.88	28.33	60.33	(21.75)
	Cash flow adequacy ratio (%)	95.55	109.6	110.29	104.61	47.61
	Cash flow reinvestment ratio (%)	2.9	13.53	3.01	5.65	(15.02)
Leverage	Operating leverage	1.91	1.9	2.17	2.98	1.80
	Financial leverage	1.03	1.03	1.03	1.06	1.02
Explanation for changes in financial ratios over 20% for the past two years: please refer to the previous page.						

The formulas for financial analysis are listed as follows:

1. Capital structure
   (1) Debt to asset ratio = total liabilities/total assets.
   (2) Long-term fund to property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets – inventory – prepaid expenses) / current liabilities.
   (3) Interest coverage ratio = earnings before interest and taxes / interest expense.
3. Operating ability
   (1) Trade receivables turnover = Net revenue / average trade receivables
   (2) Average collection days = 365 / receivables turnover.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Trade payables turnover = cost of goods sold / average trade payables.
   (5) Average inventory turnover days = 365 / inventory turnover.
   (6) Property, plant, and equipment turnover = Net revenue / average net property, plant, and equipment.
   (7) Total asset turnover = Net revenue / average total assets.
4. Profitability
   (1) ROA = [net income + interest expense (1- tax rate)] / average total assets.
   (2) ROE = net income / average total equity.
   (3) Net margin = net income / Net revenue.
   (4) Earnings per share = (net income attributable to owners of the Company – preferred share dividends) / Weighted average of shares outstanding.
5. Cash flow
   (1) Cash flow ratio = net cash generated from operating activities / current liabilities.
   (2) Cash flow adequacy ratio = five-year sum of net cash generated from operating activities / five-year sum of Capital expenditure, inventory additions and cash dividends).
   (3) Cash flow reinvestment ratio = (net cash generated from operating activities – cash dividends) / (gross Property, plant, and equipment + long-term investments + other non-current assets + working capital).
6. Leverage
   (1) Operating leverage = (Net revenue – variable expenses) / income from operations.
   (2) Financial leverage = income from operations / (income from operations- interest expenses).

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

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements, and proposal for the profit distribution. The CPA firm of Deloitte & Touche was retained to audit YC INOX' Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and proposal for the profit distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of YC INOX Co., Ltd. According to relevant requirements of Securities and Exchange Act. and the Company Act, we hereby submit this report.

To:

2022 General Shareholders' Meeting of YC INOX Co., Ltd.

YC INOX Co., Ltd.

Chairman of the Audit Committee: Chen, Tai-Shan

March 18, 2022

6.4 Consolidated Financial Statements and Independent Auditor’s Report:
Please refer to Page 87.

6.5 Parent company only Financial Statements and Independent Auditor’s Report:
Please refer to Page 145.

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

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

7.1 Financial Status

7.1.1 Comparative Analysis of Financial Status

Unit: NT$ thousands

Item / Year	2021	2020	Difference	
			Amount	%
Current Assets	10,460,877	5,693,449	4,767,428	83.74%
Property, plant and equipment	4,789,937	4,644,058	145,879	3.14%
Other Noncurrent Assets	3,827,930	2,875,056	952,874	33.14%
Total Assets	**19,078,744**	**13,212,563**	**5,866,181**	**44.40%**
Current Liabilities	7,954,827	2,439,496	5,515,331	226.08%
Noncurrent Liabilities	1,721,852	1,683,692	38,160	2.27%
Total Liabilities	**9,676,679**	**4,123,188**	**5,553,491**	**134.69%**
Capital	4,446,425	4,371,307	75,118	1.72%
Capital Reserve	1,994,700	1,882,352	112,348	5.97%
Retained Earnings	2,442,481	1,832,412	610,069	33.29%
Other Equity	518,459	1,003,304	(484,845)	(48.32%)
Total Equity	**9,402,065**	**9,089,375**	**312,690**	**3.44%**

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

A. Increase in current assets: Mainly due to the substantial increase in materials purchased in the fourth quarter, which affected the increase in the balance of inventory and advance payments for material purchasing compared with the same period of previous year.

B. Increase in other noncurrent assets: Mainly due to the the increase in unrealized gain on investments in equity instruments at fair value through other comprehensive income, and increase in advance payments for equipment due to the continuous replacement of equipment.

C. Increase in total assets: Please see explanations above.

D. Increase in current liabilities: Mainly due to the increase in short-term borrowings in response to purchase of materials and operational needs, which affected the increase in current liabilities.

E. Increase in total liabilities: Please see the explanations above.

F. Increase in retained earnings: Mainly due to the substantial increase in operating incomes.

G. Decrease in other equity: Mainly due to the continuous depreciation of the Turkish lira against the New Taiwan dollar, the debit balance of exchange differences on translating the financial statements of foreign operations continued to increase.

7.2 Financial Performance

7.2.1 Comparative Analysis of Financial Performance

Unit: NT$ thousands

Items \ Year	2021	2020	Difference	
			Amount	%
Net Revenue	17,777,919	12,717,152	5,060,767	39.79%
Cost of Goods Sold	(14,884,779)	(11,532,537)	(3,352,242)	29.07%
Gross Profit	2,893,140	1,184,615	1,708,525	144.23%
Operating Expenses	(1,503,919)	(719,986)	(783,933)	108.88%
Income from Operations	1,389,221	464,629	924,592	199.00%
Non-Operating Income and Expenses	338,290	47,497	290,793	612.23%
Income Before Income Tax	1,727,511	512,126	1,215,385	237.32%
Income Tax Expense	(467,464)	(88,559)	(378,905)	427.86%
Net Income	1,260,047	423,567	836,480	197.48%

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

A. Increase in net revenue and cost of goods sold: Mainly due to increase in the price of stainless steel, which led to the raise of purchase price of raw materials and the unit selling price of our products.

B. Increase in gross profit: Mainly due to the substantial increase in revenue, which resulted in a substantial increase in profitability.

C. Increase in operating expenses: Mainly due to the sharp rise in shipping costs.

D. Increase in income from Operations: Mainly due to the the substantial increase in revenue, which resulted in a substantial increase in profitability.

E. Increase in non-operating income and expenses: Mainly due to the net exchange gain in Turkey has increased significantly.

F. Increase in income before income tax: Mainly due to the the substantial increase in revenue, which resulted in a substantial increase in profitability.

G. Increase in income tax expense: Mainly due to the substantial increase in income before income tax , which affects the income tax expense increased accordingly.

H. Increase in net income: Mainly due to the the substantial increase in revenue, which resulted in a substantial increase in profitability.

7.2.2 Expected Sales Volume in the Future and Its Basis

Unit: Metric Ton

Items	2022 Estimated	2021 Actual	Achievement rate (%)
Stainless Steel Tube and Pipe	97,450	89,612	8.75%
Stainless Steel Sheet and Coil	115,190	93,144	23.67%
Other Stainless Steel Products	3,560	2,441	45.84%
Total	216,200	185,197	16.74%

Basic theory:

As far as the industry is concerned, in 2021, under the continuous spread of COVID-19 and the influence of trade protectionism as well as tariff barriers in various countries, our exporting market is still facing severe conditions. Therefore, not only our turkey mill plans to supply our customers domestically as response, we also try to Increase the added value of our products. In the short term, we moderately optimize the product portfolio for the annual target sales volume to maximize profits.

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

7.3 Cash Flow Analysis

7.3.1 Cash Flow Analysis for the Most Recent Year (2020)

Unit: NT$ thousands

Cash at the Beginning of the Year (January 1,2021)	Net Cash Generated from Operating Activities	Net Cash Used in Investing Activities/ Generated from Financing Activities, Net	Cash Balance (Deficit), End of the Year	Remedial Measures for Cash Deficit	
				Investment Plans	Financing Plans
1,354,142	(1,587,356)	1,973,545	1,740,331	NA	NA

A. Net cash used in operating activities was approximately 1,587,356 thousands: income before income tax for the current period was 1,727,511 thousands, and the remaining major items were depreciation expenses of 275,196 thousands and net changes in inventories of (3,555,504) thousands.

B. Net cash used in investing activities was approximately 1,621,354 thousands: Mainly due to the continuous replacement of property, plant and equipment, and new inverstment in financial assets at fair value through profit or loss.

C. Net cash generated from financing activities was approximately 3,594,899 thousands: Mainly due to the continuous increase in bank borrowings in response to operational needs, and the distribution of cash dividends of 655,696 thousands.

D. Remedial measures for insufficient liquidity: Not applicable.

7.3.2 Cash Flow Analysis for the Coming Year

Unit: NT$ thousands

Cash at the Beginning of the Year (January 1,2022)	Estimated Net Cash Generated from Operating Activities	Estimated Net Cash Used in Investing Activities/ Generated from Financing Activities, Net	Estimated Cash Balance (Deficit), End of the Year	Remedial Measures for Cash Deficit	
				Investment Plans	Investment Plans
1,396,077	(1,492,902)	848,800	751,975	NA	See the explanation below

A. Net cash generated from operating activities: Mainly generated from income before income tax.

B. Net cash used in investing activities: Mainly due to the continuous replacement of property, plant and equipment.

C. Net cash used in financing activities: Mainly due to proceeds and repayments of long-term and short-term borrowings and distribution of cash dividends.

D. Remedial measures for insufficient liquidity: If cash is insufficient in the future, the Company will increase the long-term and short-term borrowings as response.

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

7.4.1 Uses of major capital expenditure and sources of funds

Unit: NT$ thousands

Project	Actual or Planned Source of Funds	Actual or Scheduled Date of Completion	Total Funds Need	Actual or Planned Capital Expenditure	
				2021	2022
Purchase of machinery and other equipment	Equity or Financing	2021~2022	1,631,136	570,773	1,060,363
Buildings	Equity or Financing	2021~2022	805,587	520,319	285,268

Note: Due to the stable profitability in recent years, and abundant liquidity and close relations with financial institutions, the major capital expenditures listed above have no impact on the Company's finance and business.

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

7.5.1 Investment Policy

The Company’s investment policy are as follows: In addition to formulating business strategies in response to the trend of the world's regional economy, and establishing overseas production bases, to enhance its global competitiveness, we also look for opportunities to make financial invest in growing industries, hoping that it can bring us an increase in investment income.

We will continue to manage and supervise the financial and business operating conditions of the investees, so that the investees can enhance its business performance to enhance our investment efficiency.

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

As of December 31, 2021 / Unit: NT$ thousands

Item \ Description	Original Investment Amount	Policy	Cause for Profit or Loss	Improvement Plan	Future Investment Plan
Ji-Mao Investment Co., Ltd. (Note 1)	100,120	Non-operating investment	Diversified investment	Not applicable	—
YC INOX TR Çelik Sanayi ve Ticaret A.Ş. (Note 1)	2,647,080	Development of overseas business, enhance competitiveness and operating performance	Net foreign exchange gains	Not applicable	(Note 2)
AltruBio Inc.	533,107	Non-operating investment	Research development and stable operation	Not applicable	—
Gongwin Biopharm Holdings Co., Ltd.	504,477	Non-operating investment	Research development and stable operation	Not applicable	—

Note 1: Subsidiary of the Company.

Note 2: Established in February 2019, currently in the stage of plant construction.

7.6 Risk Management and Evaluation

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

A. Impact on profit and loss of the Company:

Unit: NT$ thousands

Item \ Year	2020	2021
Debt to Assets Ratio (%)	31.20	50.71
Interest Expense	29,502	38,308
Income from Operations	464,629	1,389,221
Interest Expense to Income from Operations (%)	6.35	2.76%

1. Interest Rate Fluctuation:

The ratio of borrowings to the total funds of the Company is not significant. With its equity funds reaching 49.29%, interest rate fluctuation only has limited impact on the Company’s profit and loss.

2. Foreign Exchange Rate Fluctuation:

The Company strives for expanding overseas markets, hence the exchange rate fluctuation of the US dollar against the New Taiwan dollar has an impact on the Company's profit and loss. In addition, Turkey's domestic currency, Turkish Lira, fluctuated wildly, the company held US dollar deposits during the construction period to avoid the exchange rate risk of the sharp depreciation of Turkish lira.

3. Inflation:
In 2021, the consumer price index (CPI) rose by 1.96% compared with 2020. The Company pays attention to market prices changes of various raw materials at any time, and maintains a good interactive relationship with suppliers and customers, which enables us to adjust prices in a timely manner to avoid inflation affecting the company's profitability.
B. Future countermeasures:
1. Interest Rate Fluctuation:
The Company maintains close communication with various financial institutions, to collect relevant information on interest rate fluctuation at any time and master the trends to reduce the negative impact from interest rate fluctuation. In the future, we will make good use of various financing tools to raise funds for operation.
2. Foreign Exchange Rate Fluctuation:
When offering products price to foreign customers, the exchange rate trend must be considered to reduce the impact of exchange rate fluctuations on the order. The Company has opened foreign currency deposit accounts to reserve foreign currency positions in response to foreign currency funding needs, meanwhile, we continuously monitor exchange rate fluctuation, adjust foreign exchange balances in a timely manner.
We use financial instruments such as forward foreign exchange transactions effectively, and selling of foreign accounts receivable to avoid foreign exchange risks, in the meantime we deal with said transactions in accordance with the Procedures for engaging in derivatives trading to strengthen risk control.
3. Inflation:
The Company will pay close attention to the inflation, and adjust product prices and raw material inventory quantities appropriately to reduce the impact of inflation on the Company.

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

1. The Company did not engage in any high-risk and high-leverage investments in 2021.
2. The Company did not engage in lending funds to others in 2021.
3. The balance of the Company's endorsement and guarantee on December 31, 2021 was NT$278,250 thousands, which was a guarantee of bank financing for a subsidiary. All operations were handled in accordance with the "Procedures of Endorsement and Guarantee" and related laws and regulations, and the amount of the endorsement /guarantee did not exceed the limit.
4. In principle, trading of derivatives should be aimed at avoiding the risks that may arise from operations. Derivatives that the Company is allowed to engage in are mainly forward foreign exchange contracts, other types of derivatives will be avoided on the basis of financial conservativeness and steady. In 2021, the Company did not engage in derivative transactions, if there is a demand in the future, it will be processed within the prescribed limit in accordance with relevant measures.

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

The Company engages in stainless steel processing industry, its research and development, which are in charge by Production department, focus on the strengthening of processing techniques and Improvement of machinery equipment and manufacturing processes. The Company will continue to strengthen the process efficiency improvement, introduce energy and environmental protection technology, and improve to achieve the goal of automation. In the next few years, we plan to invest approximately NT$28 million in research and development.

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

Through various information sources, the Company keeps eye on important domestic and foreign policy and law changes in recent years, and takes appropriate countermeasures immediately, so that it will not have significant impact on the Company's finance and business.

7.6.5 Impact of Recent Technological and Market Changes on the Company's Finances and Business, and Countermeasures:

In response to changes in technology, the Company actively devotes resources in information security management, such as replacing old computers, virtualizing server hosts, comprehensively upgrading operating systems, and implementing information security education and training, etc., to enhance employees' information security awareness and strengthen the introduction of information security protection system. The implementation results of information security management have been reported to the Board of Directors in December 2011.

The Company's main business is manufacturing and trading of stainless steel pipes\tubes, stainless steel sheets\coils and other stainless steel products. Due to the wide variety of stainless steel products and their wide range of applications, most of them are used in machinery, home appliances, electrical machinery, building materials, metal furniture and construction industries, which means the demand is relatively stable. In addition, the Company continues to improve process automation and efficiency, maintain the competitive advantage of product quality, and actively develop new foreign markets and customers in response to the impact of industrial changes on the Company.

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

Based on the business philosophy of integrity, transparency and responsibility, the Company follows the ethical management policies, and establishes a good corporate governance and risk control mechanism to create a sustainable business environment. The Company's corporate image is excellent, and there are no foreseeable crises.

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

The Company has no plan for M&A so far.

7.6.8 Expected benefits and potential risks related to plant expansion:

The Company currently has no plans to continue expanding mills in Taiwan. However, in order to maintain YC's sustainable operation and continuous growth, the Turkish subsidiary has entered into the construction stage in accordance with the investment plan, and is expected to be mass-produced in 2022Q3, which can increase consolidated revenue of the group. The investment in Turkish subsidiary is supported by YC’s equity funds, related potential risks are limited.

7.6.9 Risks related to concentration of purchases and sales:

The Company mainly engages in manufacturing and distributing of stainless steel pipes/tubes, sheets/coils and other stainless steel products, main raw materials are cold-rolled and hot-rolled stainless steel coils(plates). Due to the characteristics of the stainless steel industry, most of the Company’s main hot-rolled raw materials and special specifications are purchased from overseas, others are purchases from Yieh United Steel Corp. and Walsin Lihwa Corporation. These companies are domestic professional manufacturers of stainless steel coils, they offer high quality products with reasonable prices and stable delivery, they are our long-term cooperative manufacturers.

The Company's main raw material procurement is usually purchased from different suppliers or suppliers in different regions to ensure the safe supply of raw materials and reduce the risk of centralized procurement. The Company's customers are mainly in export market, and the channels are quite scattered. The sales to the largest customer only accounted for 4.2% of the net revenues, which means there is no risk of sales concentration.

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

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

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

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

7.6.13 Other Significant Risks and countermeasures:

The Board of Directors of the Company is the highest decision-making unit for risk management. The Board of Directors is responsible for approving risk management policies and systems, and supervising the effectiveness of the operation of the risk management mechanism. The Company has stipulated the "Risk Management Policies and Procedures" in May 2022, which were approved by the Board of Directors.

The Sustainability Committee is responsible for supervising and ensuring the implementation of risk management, and submits a risk management report to the Board of Directors at least once a year. The risk management team is the unit responsible for implementing risk management, it is responsible for implementing risk management decisions, coordinating cross-departmental risk management interaction and communication, early warning of important risks, assessing potential losses, tracking countermeasures, and consolidating the results of major risk events, also required to report risk management results to the Sustainability Committee on a regular basis.

The heads of each business unit are responsible for risk management according to their duty scopes, and are responsible for analyzing and monitoring relevant risks within their subordinate units to ensure that the Company's risk management system can completely and effectively control risks.

The Internal Audit Office drafts up an annual audit plan based on the risk assessment results, executes various system audit operations accordingly, ensures that all operational risks are effectively controlled, and puts forward suggestions for improvement in a timely manner.

Through a systematic and institutionalized management mechanism, the Company can effectively identify, measure, supervise and control risks, hence risks can be controlled within the Company's tolerance range and possible losses can be prevented, so as to achieve the Company's goal of sustainable operation.

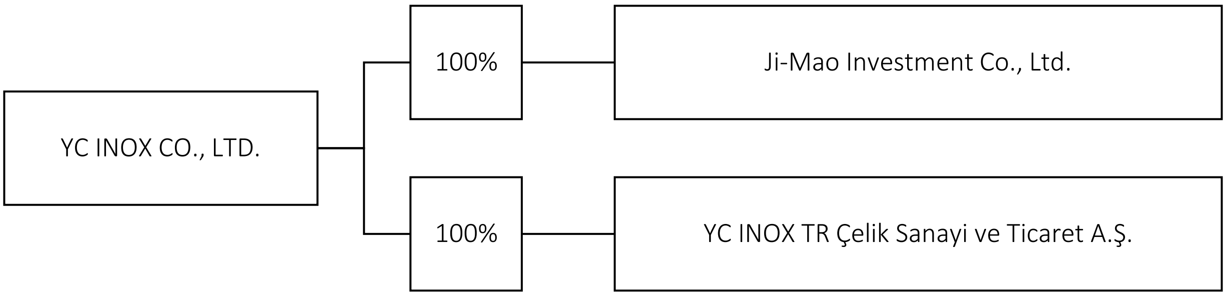
7.7 Other Important Matters: None.

VIII. Special Disclosures

8.1 Information of Affiliated Companies

8.1.1 Organization Chart of YC INOX and its Affiliated Companies

As of Dec. 31, 2021



8.1.2 Basic Information on Affiliated Companies

As of Dec 31, 2021
Unit: NT$ thousands

Name of Company	Date of Establishment	Address	Paid-in Capital	Major Business/ Products
YC INOX Co., Ltd.	1973.01.31	No. 270, Sec. 4, Zhongshan Rd., Xizhou Township, Changhua County, Taiwan (R.O.C.)	4,445,345	Production, processing and sale of stainless steel pipes, stainless steel sheets and coils, agency services and international trading of stainless steel products
Ji-Mao Investment Co., Ltd.	2000.09.04	No. 270, Sec. 4, Zhongshan Rd., Xizhou Township, Changhua County, Taiwan (R.O.C.)	100,000	Investments
YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	2019.02.15	ESENTEPE MAHALLESI KIR GULU SK.NO：4/4 SISLI / ISTANBUL ZINCIRLIKUYU V.D.	2,647,080 (TRY 720,000,000)	Manufacturing and distribution of stainless steel tubes/pipes and sheets/coils

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

8.1.4 Business Scopes of YC INOX and its Affiliated companies

The business scopes of YC INOX and its affiliated companies are as follows: Production, processing and sale of stainless steel pipes, stainless steel sheets and coils, agency services and international trading of stainless steel products. Please refer to the Basic Information on Affiliated Companies. Each affiliated company is an individual operating entity.

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

As of Apr. 18, 2022

Company	Title	Name	Shareholding	
			Shares	Ownership
YC INOX Co., Ltd.	Chairman	Chang, Chin-Yu	6,029,632	1.35
	Director	Representative of Tai-Chyang Investment Co., Ltd. : Chang, Chin-Peng	59,909,508 30,000	13.45 0.01%
		Representative of Chin Ying Fa Mechanical Ind Co., Ltd. : Shih, Sung-Lin	6,898,000 2,381,521	1.55% 0.53%
		Hsieh, Ming-Hong	2,452,072	0.55%
		Chang, Po-Kai	2,370,264	0.53%

Company	Title	Name	Shareholding	
			Shares	Ownership
YC INOX Co., Ltd.	Independent Director	Pan, Cheng-Hsiung	271,458	0.06%
		Chen, Tai-Shan	135,513	0.03%
		Kuo, Chao-Sung	417,884	0.09%
		Chang, Wei-Lun	0	0
Ji-Mao Investment Co., Ltd.	Chairman	Chang, Chin-Yu (Representative of YC INOX Co., Ltd.)	10,000,000	100%
	Director	Chan, Lieh-Lin (Representative of YC INOX Co., Ltd.)		
		Chang, Po-Kai (Representative of YC INOX Co., Ltd.)		
	Supervisors	Chang, Jung-Wei (Representative of YC INOX Co., Ltd.)		
YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	Chairman	Chang, Chin-Yu (Representative of YC INOX Co., Ltd.)	TRY 1,041,851,600 (Note)	100%
	Director	Chan, Lieh-Lin (Representative of YC INOX Co., Ltd.)		
		Kuo, Yuan-Chen (Representative of YC INOX Co., Ltd.)		

Note: It has a par value of 1,000 Liras per share.

8.1.6 Affiliates' Operating Highlights

As of Dec. 31, 2021
Unit: NT$ thousands

Name of Company	Paid-in Capital	Total Assets	Total Liabilities	Total Equity	Net Revenue	Income from Operations	Net Income	Earnings Per Share (NT$)
YC INOX Co., Ltd.	4,445,345	18,828,796	9,426,731	9,402,065	17,777,919	1,407,182	1,260,047	2.86
Ji-Mao Investment Co., Ltd.	100,000	342,686	70,154	272532	0	(172)	(968)	(0.1)
YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	2,647,080	1,858,347	179,794	1,678,553	0	(17,856)	238,812	572,630.67

8.1.7 Consolidated Financial Report of the Company and Affiliates

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10, "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

8.1.8 Affiliation report: None.

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

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

8.4 Other Supplementary Matters: None.

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

Appendix

Consolidated Financial Statements

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10, "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

YC Inox Co., Ltd.

By

____

CHANG CHIN YU
Chairman

March 18, 2022

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of YC Inox Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated statements for the year ended December 31, 2021 is described as follows:

Inventory Valuation

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

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

1. We understood and assessed the appropriateness of the Group's policies on the provision for inventory valuation loss and the related internal control procedures.

2. We obtained the inventory valuation report and sampled and reviewed the correctness and reasonableness of the net realizable value.

Other Matter

We have also audited the parent company only financial statements of YC Inox Co., Ltd. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the audit committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Done-Yuin Tseng and Shu-Chin Chiang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 18, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Notes 4 and 6)	$ 1,396,077	7	$ 1,354,142	10
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	267,852	1	-	-
Notes receivable (Notes 4 and 27)	166,220	1	60,333	1
Trade receivables (Notes 4, 9 and 27)	1,241,870	7	962,951	7
Other receivables (Note 4)	296,636	2	250,061	2
Inventories (Notes 4, 5 and 10)	6,514,836	34	3,012,232	23
Prepayments	574,375	3	50,742	-
Other current assets (Notes 4 and 28)	3,011	-	2,988	-
Total current assets	10,460,877	55	5,693,449	43
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,666,411	14	2,397,355	18
Property, plant and equipment (Notes 4 and 12)	4,789,937	25	4,644,058	35
Right-of-use assets (Notes 4 and 13)	3,631	-	8,597	-
Computer software (Notes 4 and 14)	6,360	-	187	-
Deferred tax assets (Notes 4 and 22)	384,474	2	83,771	1
Prepayments for equipment	536,002	3	331,997	3
Other non-current assets	231,052	1	53,149	-
Total non-current assets	8,617,867	45	7,519,114	57
TOTAL	$ 19,078,744	100	$ 13,212,563	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	$ 5,559,180	29	$ 1,516,550	11
Contract liabilities - current (Note 20)	518,204	3	290,364	2
Notes payable	14,557	-	181	-
Trade payables	771,356	4	121,084	1
Other payables (Notes 17 and 18)	565,116	3	331,429	3
Current tax liabilities (Notes 4 and 22)	372,226	2	42,517	-
Lease liabilities - current (Notes 4 and 13)	2,466	-	4,647	-
Current portion of long-term borrowings (Note 15)	119,643	1	87,500	1
Other current liabilities	32,079	-	45,224	-
Total current liabilities	7,954,827	42	2,439,496	18
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 16)	966	-	1,500	-
Bonds payable (Notes 4 and 16)	775,775	4	954,978	7
Long-term borrowings (Note 15)	780,357	4	587,500	5
Deferred tax liabilities (Notes 4 and 22)	62,053	-	14,262	-
Lease liabilities - non-current (Notes 4 and 13)	814	-	3,427	-
Net defined benefit liabilities - non-current (Notes 4 and 18)	71,257	1	78,885	1
Guarantee deposits received	30,630	-	43,140	-
Total non-current liabilities	1,721,852	9	1,683,692	13
Total liabilities	9,676,679	51	4,123,188	31
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Ordinary shares	4,445,345	23	4,371,307	33
Registered capital (pending change)	1,080	-	-	-
Capital surplus	1,994,700	10	1,882,352	14
Retained earnings				
Legal reserve	1,166,385	6	1,124,194	9
Special reserve	-	-	185,661	1
Unappropriated earnings	1,276,096	7	522,557	4
Other equity	518,459	3	1,003,304	8
Total equity	9,402,065	49	9,089,375	69
TOTAL	$ 19,078,744	100	$ 13,212,563	100

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

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 20 and 27)	$ 17,777,919	100	$ 12,717,152	100
OPERATING COSTS (Notes 5, 10 and 21)	14,884,779	84	11,532,537	91
GROSS PROFIT	2,893,140	16	1,184,615	9
OPERATING EXPENSES (Note 21)				
Selling and marketing expenses	1,221,866	7	517,820	4
General and administrative expenses	281,233	1	202,166	1
Expected credit loss (Notes 4 and 9)	820	-	-	-
Total operating expenses	1,503,919	8	719,986	5
INCOME FROM OPERATIONS	1,389,221	8	464,629	4
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Interest income	644	-	3,295	-
Other gains and losses, net (Note 27)	12,453	-	76,571	-
Foreign exchange gain (loss), net	395,470	2	(1,960)	-
Interest expense (Notes 4 and 21)	(38,308)	-	(29,502)	-
Loss on disposal of property, plant and equipment	(22,788)	-	(12,783)	-
Gain (loss) on fair value changes of financial instruments at fair value through profit or loss	(9,181)	-	11,876	-
Total non-operating income and expenses	338,290	2	47,497	-
INCOME BEFORE INCOME TAX	1,727,511	10	512,126	4
INCOME TAX EXPENSE (Notes 4 and 22)	467,464	3	88,559	1
NET INCOME	1,260,047	7	423,567	3
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	3,069	-	(2,068)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	217,718	1	1,362,843	11
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 22)	76,895	1	414	-
	297,682	2	1,361,189	11

(Continued)

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	$ (971,011)	(6)	$ (217,348)	(2)
Income tax related to items that may reclassified subsequently to profit or loss (Note 22)	194,202	1	43,470	1
	(776,809)	(5)	(173,878)	(1)
Other comprehensive income (loss) for the year, net of income tax	(479,127)	(3)	1,187,311	10
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 780,920	4	$ 1,610,878	13
EARNINGS PER SHARE (Note 23)				
Basic	$ 2.86		$ 1.04	
Diluted	$ 2.66		$ 0.95	

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

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Ordinary Shares (Note 19)			Retained Earnings (Note 19)			Other Equity (Note 4)		
	Capital Stock Ordinary Shares	Registered Capital (Pending Change)	Capital Surplus (Note 19)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2020	$ 4,071,307	$ -	$ 1,663,578	$ 1,061,821	$ -	$ 837,235	$ (61,777)	$ (123,884)	$ 7,448,280
Appropriation of 2019 earnings									
Legal reserve	-	-	-	62,373	-	(62,373)	-	-	-
Special reserve	-	-	-	-	185,661	(185,661)	-	-	-
Cash dividends	-	-	-	-	-	(488,557)	-	-	(488,557)
Equity component of convertible bonds issued by the Company	-	-	40,913	-	-	-	-	-	40,913
Issuance of cash dividends from capital surplus	-	-	(122,139)	-	-	-	-	-	(122,139)
Net profit for the year ended December 31, 2020	-	-	-	-	-	423,567	-	-	423,567
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(1,654)	(173,878)	1,362,843	1,187,311
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	421,913	(173,878)	1,362,843	1,610,878
Issuance of ordinary shares for cash	300,000	-	300,000	-	-	-	-	-	600,000
BALANCE AT DECEMBER 31, 2020	4,371,307	-	1,882,352	1,124,194	185,661	522,557	(235,655)	1,238,959	9,089,375
Appropriation of 2020 earnings									
Legal reserve	-	-	-	42,191	-	(42,191)	-	-	-
Cash dividends	-	-	-	-	-	(655,696)	-	-	(655,696)
Reversal of special reserve	-	-	-	-	(185,661)	185,661	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	1,260,047	-	-	1,260,047
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	2,455	(776,809)	295,227	(479,127)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,262,502	(776,809)	295,227	780,920
Convertible bonds converted to ordinary shares	74,038	1,080	112,348	-	-	-	-	-	187,466
Disposal of investments in equity instruments at fair value through other comprehensive income by subsidiaries	-	-	-	-	-	3,263	-	(3,263)	-
BALANCE AT DECEMBER 31, 2021	$ 4,445,345	$ 1,080	$ 1,994,700	$ 1,166,385	$ -	$ 1,276,096	$ (1,012,464)	$ 1,530,923	$ 9,402,065

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

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,727,511	$ 512,126
Adjustments for:		
Depreciation expense	275,196	270,317
Amortization expense	2,547	5
Expected credit loss	820	-
Loss (gain) on financial instruments at fair value through profit or loss, net	9,181	(11,876)
Interest expense	38,308	29,502
Interest income	(644)	(3,295)
Dividend income	(4,000)	-
Loss on disposal of property, plant and equipment	22,788	12,783
Write-down (reversal of write-down) of inventories	52,900	(131,500)
Loss on foreign currency exchange, net	1,194	9,122
Changes in operating assets and liabilities:		
Notes receivable	(105,887)	(14,481)
Trade receivables	(280,426)	255,672
Other receivables	(46,969)	572,569
Inventories	(3,555,504)	346,505
Prepayments	(631,749)	(6,536)
Other current assets	(28)	(485)
Contract liabilities	227,840	111,473
Notes payable	14,376	(10,020)
Trade payables	650,272	(67,892)
Other payables	134,008	(24,542)
Other current liabilities	(10,017)	22,232
Net defined benefit liabilities	(4,559)	(4,212)
Cash generated from (used in) operations	(1,482,842)	1,867,467
Interest received	644	3,295
Dividends received	4,000	-
Interest paid	(27,698)	(29,302)
Income tax paid	(81,460)	(90,181)
Net cash generated from (used in) operating activities	(1,587,356)	1,751,279
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(56,970)	(157,655)
Disposal of financial assets at fair value through other comprehensive income	5,632	-
Purchase of financial assets at fair value through profit or loss	(324,306)	-
Disposal of financial assets at fair value through profit or loss	46,739	39,276
Acquisition of property, plant and equipment	(629,541)	(248,912)
Proceeds from disposal of property, plant and equipment	77,386	54,060
Increase in refundable deposits	(115)	(32)
Acquisition of intangible assets	(7,395)	-
(Increase) decrease in other non-current assets	(271,233)	28,307
Increase in prepayments for equipment	(461,551)	(357,050)
Net cash used in investing activities	(1,621,354)	(642,006)

(Continued)

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments of) short-term borrowings	$ 4,042,630	$ (1,442,238)
Proceeds from issuance of convertible bonds	-	998,000
Proceeds from long-term borrowings	600,000	500,000
Repayments of long-term borrowings	(375,000)	(625,000)
(Decrease) increase in guarantee deposits received	(12,510)	26,380
Repayments of the principal portion of lease liabilities	(4,525)	(2,973)
Cash dividends distributed	(655,696)	(610,696)
Proceeds from issuance of ordinary shares	-	600,000
Net cash generated from (used in) financing activities	3,594,899	(556,527)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(344,254)	9,470
NET INCREASE IN CASH	41,935	562,216
CASH AT THE BEGINNING OF THE YEAR	1,354,142	791,926
CASH AT THE END OF THE YEAR	$ 1,396,077	$ 1,354,142

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

YC INOX CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL INFORMATION

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

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

The consolidated financial statements of the Company and its subsidiaries (referred to collectively as the Group) are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 18, 2022.

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

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

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

b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and noncurrent assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

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

See Note 11 and Table 4 for the detailed information on subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

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

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

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

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

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

f. Inventories

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

g. Property, plant and equipment

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

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

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

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

h. Computer software

1) Computer software acquired separately

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

2) Derecognition of computer software

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

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in debt instruments at FVTOCI

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

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

iv. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

3) Financial liabilities

a) Subsequent measurement

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

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

b) Derecognition of financial liabilities

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

4) Convertible bonds

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

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

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

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

k. Revenue recognition

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

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

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

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

l. Leasing

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

1) The Group as lessor

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

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

2) The Group as lessee

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

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

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

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

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

m. Borrowing costs

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

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

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

n. Government grants

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

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

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

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

p. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred tax

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the possible economic implications when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty - Write-down of Inventories

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

6. CASH

	December 31	
	2021	**2020**
Cash on hand	$ 1,010	$ 1,208
Checking accounts and demand deposits	1,395,067	1,352,934
	$ 1,396,077	$ 1,354,142
Annual interest rate (%)		
Demand deposits	0.00-0.2	0.00-0.2

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	**2020**
Current		
Financial assets mandatorily measured at FVTPL		
Domestic listed shares	$ 267,852	$ -

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

	December 31	
	2021	**2020**
Investments in equity instruments		
Foreign unlisted shares	$ 250,311	$ 306,954
Domestic unlisted shares	2,416,100	2,090,401
	$ 2,666,411	$ 2,397,355

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

9. TRADE RECEIVABLES

	December 31	
	2021	2020
At amortized cost		
Gross carrying amount	$ 1,195,732	$ 860,609
Less: Allowance for impairment loss	(2,242)	(1,628)
	1,193,490	858,981
At FVTOCI	48,380	103,970
	$ 1,241,870	$ 962,951

a. At amortized cost

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

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

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

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

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

	Not Past Due	Past Due 1-60 Days	Past Due 61-120 Days	Past Due 121-180 Days	Past Due More than 180 Days	Total
December 31, 2021						
Expected credit loss rate	0%	1%	10%	50%	100%	
Gross carrying amount	$ 1,082,811	$ 112,921	$ -	$ -	$ -	$ 1,195,732
Loss allowance	-	(2,242)	-	-	-	(2,242)
Amortized cost	$ 1,082,811	$ 110,679	$ -	$ -	$ -	$ 1,193,490
December 31, 2020						
Expected credit loss rate	0%	1%	10%	50%	100%	
Gross carrying amount	$ 770,806	$ 89,667	$ 29	$ 107	$ -	$ 860,609
Loss allowance	-	(1,571)	(3)	(54)	-	(1,628)
Amortized cost	$ 770,806	$ 88,096	$ 26	$ 53	$ -	$ 858,981

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 1,628	$ 1,845
Add: Net remeasurement of loss allowance	64	-
Less: Amounts written off	-	(217)
Balance at December 31	$ 2,242	$ 1,628

b. At FVTOCI

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

As of December 31, 2021 and 2020, the Group had no overdue trade receivables, and the allowance for impairment loss was $0 in all aging periods.

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

10. INVENTORIES

	December 31	
	2021	2020
Raw materials	$ 3,028,253	$ 890,966
Work in progress	89,175	96,344
Semi-finished goods	489,871	389,615
Finished goods	2,889,264	1,609,339
Merchandise	18,273	25,968
	$ 6,514,836	$ 3,012,232

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was $14,884,779 thousand and $11,532,537 thousand, respectively. The cost of goods sold included the loss on inventory write-downs of $52,900 thousand and gain on reversal on inventory write-downs of $131,500 thousand. Inventory write-downs were reversed as a result of increased selling prices of raw materials.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

		Proportion of Ownership (%)	
Investor	**Investee**	**December 31, 2021**	**December 31, 2020**
The Company	Chi Mao Investment Co., Ltd. (Chi Mao Company)	100	100
	YC INOX TR CELIK SANAYI VE TICARET A.S. (YC INOX TR Company)	100	100

For the nature of activities of the subsidiaries listed above, refer to Table 4.

The Group invested an additional $726,146 thousand, $334,236 thousand, $279,870 thousand and $365,845 thousand in YC INOX TR Company in September 2020, August 2021, October 2021 and December 2021, respectively. The aforementioned investments have been approved by the Overseas Chinese and Foreign Investment Commission of the Ministry of Economic Affairs.

The Group has been planning to increase the investment in YC INOX TR Company by TRY640,000 thousand, which was approved by the Group's board of directors in January 2022, and invested $361,725 thousand (TRY175,918 thousand) in February 2022.

12. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2021					
	Balance, Beginning of the Year	**Additions**	**Disposals**	**Reclassifications**	**Effect of Foreign Currency Exchange Differences**	**Balance, End of the Year**
Cost						
Land	$ 2,290,544	$ -	$ -	$ -	$ (133,412)	$ 2,157,132
Land improvements	13,496	1,176	-	-	-	14,672
Buildings	1,485,497	15,160	(17,935)	-	-	1,482,722
Machinery and equipment	2,568,928	62,908	(58,879)	58,431	-	2,631,388
Transportation equipment	135,282	68,669	(80,951)	22,105	-	145,105
Office equipment	124,604	8,145	(2,005)	(2,357)	(432)	127,955
Other equipment	614,522	51,390	(6,413)	3,095	-	662,594
Construction in progress	32,948	572,225	-	-	(211,342)	393,831
	7,265,821	$ 779,673	$ (166,183)	$ 81,274	$ (345,186)	7,615,399
Accumulated depreciation						
Land improvements	8,040	$ 1,546	$ -	$ -	$ -	9,586
Buildings	532,944	66,142	(12,288)	-	-	586,798
Machinery and equipment	1,698,531	126,746	(34,087)	-	-	1,791,190
Transportation equipment	37,392	19,013	(12,594)	-	-	43,811
Office equipment	82,496	14,408	(2,005)	(1,041)	(133)	93,725
Other equipment	262,360	43,027	(5,035)	-	-	300,352
	2,621,763	$ 270,882	$ (66,009)	$ (1,041)	$ (133)	2,825,462
	$ 4,644,058					$ 4,789,937

	For the Year Ended December 31, 2020					
	Balance, Beginning of the Year	**Additions**	**Disposals**	**Reclassifications**	**Effect of Foreign Currency Exchange Differences**	**Balance, End of the Year**
Cost						
Land	$ 2,381,968	$ -	$ -	$ -	$ (91,424)	$ 2,290,544
Land improvements	13,046	450	-	-	-	13,496
Buildings	1,424,307	18,931	-	42,259	-	1,485,497
Machinery and equipment	2,432,636	68,056	(78,971)	147,207	-	2,568,928
Transportation equipment	139,433	37,184	(57,855)	16,520	-	135,282
Office equipment	105,730	15,587	(1,667)	4,973	(19)	124,604
Other equipment	513,693	47,646	(7,035)	60,218	-	614,522
Construction in progress	30,962	31,704	-	(25,621)	(4,097)	32,948
	7,041,775	$ 219,558	$ (145,528)	$ 245,556	$ (95,540)	7,265,821
Accumulated depreciation						
Land improvements	6,612	$ 1,428	$ -	$ -	$ -	8,040
Buildings	463,979	68,965	-	-	-	532,944
Machinery and equipment	1,623,754	130,859	(56,082)	-	-	1,698,531
Transportation equipment	33,943	17,401	(13,952)	-	-	37,392
Office equipment	71,662	12,508	(1,667)	-	(7)	82,496
Other equipment	232,651	36,693	(6,984)	-	-	262,360
	2,432,601	$ 267,854	$ (78,685)	$ -	$ (7)	2,621,763
	$ 4,609,174					$ 4,644,058

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

Land improvements	10 years
Buildings	
Office buildings	20-35 years
Plants	10-20 years
Machinery and equipment	2-15 years
Transportation equipment	8 years
Office equipment	3-10 years
Other equipment	2-20 years

Farmland held by the Company which is situated in No.75-1 and 75-2 (2,044 square meters) of Jiumei Section, Xizhou Township, Changhua County and No.115 (171 square meters), No.115-1 and 115-2 (3,218 square meters), and No.116(120 square meters) situated in Xinguan Section., Puxin Township, Changhua County were designated as parking lots, finished goods storage and loading areas. As registration for the transfer of ownership rights cannot currently be implemented in accordance with the law, all the farmland was registered under the name of Chairman Chang Chin Yu, and all the 6 lots of land were mortgaged to the Company for a total of $40,000 thousand.

No impairment assessment was performed for the years ended December 31, 2021 and 2020 as there was no indication of impairment.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amount		
Land	$ 28	$ 306
Buildings	1,200	1,600
Transportation equipment	552	2,064
Other equipment	1,851	4,627
	$ 3,631	$ 8,597

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ -	$ 8,351
Depreciation of right-of-use assets		
Land	$ 278	$ 362
Buildings	400	400
Transportation equipment	860	891
Other equipment	2,776	810
	$ 4,314	$ 2,463

The Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2021 and 2020.

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	$ 2,466	$ 4,647
Non-current	814	3,427
	$ 3,280	$ 8,074

Discount rates for lease liabilities were as follows:

	December 31	
	2021	2020
Land	1.20%	1.20%
Buildings	1.15%	1.15%
Transportation equipment	16.50%	16.50%
Other equipment	0.88%	0.88%

c. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating short-term leases	$ 474	$ -
Expenses relating to low value asset leases	$ 364	$ 266
Total cash outflow for leases	$ 5,363	$ 3,239

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

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

The Group leases certain land, buildings, transportation equipment and other equipment for operating uses with lease terms of 2 to 12 years. The Group does not have bargain purchase options to acquire the leasehold land, buildings, transportation equipment and other equipment at the end of the lease terms.

14. COMPUTER SOFTWARE

	For the Year Ended December 31, 2021				
	Balance, Beginning of the Year	Additions	Reclassifications	Effect of Exchange Rate Changes	Balance, End of the Year
Cost	$ 192	$ 7,395	$ 2,514	$ (198)	$ 9,903
Accumulated amortization	5	$ 2,547	$ 1,041	$ (50)	3,543
	$ 187				$ 6,360

	For the Year Ended December 31, 2020				
	Balance, Beginning of the Year	Additions	Reclassifications	Effect of Exchange Rate Changes	Balance, End of the Year
Cost	$ -	$ -	$ 192	$ -	$ 192
Accumulated amortization	-	$ 5	$ -	$ -	5
	$ -				$ 187

Other intangible assets are amortized on a straight-line basis over their estimated useful lives of 1-5 years.

15. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Letter of credit borrowings and export bills	$ 3,789,180	$ 1,196,550
Line of credit borrowings	1,770,000	320,000
	$ 5,559,180	$ 1,516,550

(Continued)

	December 31	
	2021	2020
Annual interest rate range (%)		
Letter of credit borrowings and export bills	0.32-0.80	0.43-0.83
Line of credit borrowings	0.46-1.40	0.72-1.40

(Concluded)

b. Long-term borrowings

	December 31	
	2021	2020
Unsecured borrowings		
Line of credit borrowings	$ 900,000	$ 675,000
Less: Current portion	(119,643)	(87,500)
	$ 780,357	$ 587,500
Annual interest rate range (%)	0.88-0.90	0.88-0.90

The line of credit borrowings of the Group will be repaid in New Taiwan dollars. The borrowings are repayable in installments at varying amounts from March 2024 to October 2026.

16. BONDS PAYABLE

	December 31, 2021	December 31, 2020
3rd domestic unsecured convertible bonds	$ 775,775	$ 954,978

On December 15, 2020, the Company issued 5-year, 0% NTD-denominated unsecured convertible bonds in Taiwan for $1,000,000 thousand, and the maturity date of the bonds is December 15, 2025. Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of $26.5, which shall be later adjusted in accordance with the formula started in the Anti-dilution provisions of the "Rules and conditions of issuance and conversion of the 3rd domestic unsecured corporate bonds" (as of December 31, 2021, the conversion price has been adjusted to $25). For the period from the day following three months after the date of issuance of the convertible bonds (March 16, 2021) to 40 days before the maturity date (November 5, 2025), if the closing share price of the Company exceeds 30% of the prevailing conversion price for 30 consecutive business days or the outstanding balance falls lower than 10% of the original total issuance amount, the Company may redeem the bonds in cash at face value. In addition, holders may request to sell the bonds they hold back to the Company at any time within 30 days before the expiry of the third year from the date of issuance (December 15, 2023).

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

As of December 31, 2021, the face value of the bonds payable converted by the holders was $195,200 thousand.

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

	Debt instrument for Master Contracts
Proceeds from issuance (less issuance costs of $2,000 thousand)	$ 998,000
Equity component (less issuance costs allocated to the equity component of $87 thousand)	(40,913)
Financial liabilities	(2,500)
Liability component at the date of issuance	954,587
Amortization of discount in 2020	391
Balance at January 1, 2021	954,978
Converted into ordinary shares this year	(187,466)
Amortization of discount this year	8,263
Balance at December 31, 2021	$ 775,775

Derivative instruments - put options (financial liabilities)

	For the Year Ended December 31	
	2021	2020
Balance at January 1, 2021	$ 1,500	$ -
Bonds payable issued	-	1,500
Changes in fair value	(534)	-
Balance at December 31, 2021	$ 966	$ 1,500

17. OTHER PAYABLES

	December 31	
	2021	2020
Payables for salaries and bonuses	$ 164,641	$ 108,449
Payables for acquisition of equipment	159,166	60,940
Payables for employees' profit sharing bonus and directors' remuneration	118,684	37,622
Payables for commission	3,853	11,369
Others	118,772	113,049
	$ 565,116	$ 331,429

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

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

b. Defined benefit plans

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

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

	December 31	
	2021	**2020**
Present value of defined benefit obligation	$ 150,641	$ 160,629
Fair value of plan assets	(79,000)	(81,321)
Net liabilities recognized in the consolidated balance sheets	71,641	79,308
Other payables	(384)	(423)
Net defined benefit liabilities	$ 71,257	$ 78,885

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Liabilities Recognized in the Consolidated Balance Sheets**
Balance at January 1, 2020	$ 162,903	$ (81,447)	$ 81,456
Service cost			
Current service cost	403	-	403
Net interest expense (income)	1,205	(616)	589
Recognized in profit or loss	1,608	(616)	992
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,716)	(2,716)
Actuarial gain - Changes in demographic assumptions	(2)	-	(2)
Actuarial loss - Changes in financial assumptions	7,015	-	7,015

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Liabilities Recognized in the Consolidated Balance Sheets
Actuarial gain - experience adjustments	$ (2,229)	$ -	$ (2,229)
Recognized in other comprehensive (income) loss	4,784	(2,716)	2,068
Contributions from the employer	-	(5,208)	(5,208)
Benefits paid	(8,666)	8,666	-
Balance at December 31, 2020	160,629	(81,321)	79,308
Service cost			
Current service cost	310	-	310
Net interest expense (income)	477	(247)	230
Recognized in profit or loss	787	(247)	540
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,220)	(1,220)
Actuarial loss - changes in demographic assumptions	326	-	326
Actuarial gain - changes in financial assumptions	(5,725)	-	(5,725)
Actuarial loss - experience adjustments	3,550	-	3,550
Recognized in other comprehensive (income) loss	(1,849)	(1,220)	(3,069)
Contributions from the employer	-	(5,138)	(5,138)
Benefits paid	(8,926)	8,926	-
Balance at December 31, 2021	$ 150,641	$ (79,000)	$ 71,641

(Concluded)

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

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

2) Interest rate risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans’ debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2021	2020
Discount rate	0.70%	0.30%
Expected rate of salary increase	2.00%	2.00%

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

	December 31	
	2021	2020
Discount rate		
0.25% increase	$ (3,468)	$ (3,953)
0.25% decrease	$ 3,589	$ 4,097
Expected rate of salary increase/decrease		
0.25% increase	$ 3,534	$ 4,017
0.25% decrease	$ (3,433)	$ (3,897)

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

	December 31	
	2021	2020
Expected contributions to the plans for the next year	$ 5,606	$ 5,606
Average duration of the defined benefit obligation	9 years	9 years

19. EQUITY

a. Capital stock

	December 31	
	2021	2020
Authorized shares (in thousands of shares)	499,000	499,000
Authorized capital	$ 4,990,000	$ 4,990,000
Issued and paid shares (in thousands of shares)	444,535	437,131
Issued capital	$ 4,445,345	$ 4,371,307
Registered capital (pending change)	$ 1,080	$ -

A holder of issued common shares with par value of NT$10 per share is entitled to vote and to receive dividends.

In October 2020, the Company's board of directors resolved to issue cash capital increase of 30,000 thousand ordinary shares at par value of $10, which increased the paid-in capital to $4,371,307 thousand. Such cash capital increase was approved by the FSC and entered into effective on November 25, 2020, the book closure ending date was December 28, 2020, and the change of paid-in capital registration has completed.

	Ordinary Share Capital - including registered capital (pending change) (in thousands of shares)
Balance at January 1, 2021	$ 437,131
Convertible bonds converted to ordinary shares at September 3, 2021 and November 5, 2021	7,404
Convertible bonds converted to ordinary shares (registered capital - pending change)	108
Balance at December 31, 2021	$ 444,643

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to capital		
Additional paid-in capital	$ 1,466,300	$ 1,466,300
Conversion of bonds	490,234	369,900
Interest premium payable on convertible bonds	5,239	5,239
Not allowed to be used for any purpose		
Share warrants of convertible bonds	32,927	40,913
	$ 1,994,700	$ 1,882,352

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

c. Retained earnings and dividend policy

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

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

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

Items referred to under Rule No. 1090150022 issued by the FSC should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2020 and 2019, which were approved in the shareholders' meetings in August 2021 and June 2020, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2020	**2019**
Legal reserve	$ 42,191	$ 62,373
(Reversal of) special reserve	$ (185,661)	$ 185,661
Cash dividends	$ 655,696	$ 488,557
Cash dividends per share (NT$)	$ 1.5	$ 1.2

The appropriation of $122,139 thousand cash dividends from capital surplus was approved in the shareholders' meetings in June 2020.

The appropriation of earnings for 2021, which has been proposed by the Company's board of directors on March 18, 2022, was as follows:

	Appropriation of Earnings
Legal reserve	$ 126,576
Cash dividends	$ 666,964
Cash dividends per share (NT$)	$ 1.5

The appropriation of earnings will be resolved by the shareholders in their meeting to be held in June 2022.

20. NET REVENUE

	For the Year Ended December 31	
	2021	**2020**
Revenue from contracts with customers		
Revenue from the sale of goods	$ 17,777,919	$ 12,717,152

Contract liabilities

	December 31	
	2021	2020
Contract balance		
Sale of goods	$ 518,204	$ 290,364

21. NET PROFIT

a. Interest expense

	For the Year Ended December 31	
	2021	2020
Interest on borrowings	$ 29,800	$ 28,701
Interest on short-term bills payable	162	207
Interest on lease liabilities	83	443
Interest on bonds payable	8,263	391
	38,308	29,742
Less: Capitalized interest amount	-	(240)
	$ 38,308	$ 29,502

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2021	2020
Capitalized interest amount	$ -	$ 240
Capitalization rate (%)	-	0.66-1.18

b. Employee benefits expense, depreciation expense and amortization expense

	For the Year Ended December 31					
	2021			2020		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salaries expense	$ 543,862	$ 217,539	$ 761,401	$ 442,757	$ 149,439	$ 592,196
Post-employment benefits						
Defined contribution plans	18,317	4,976	23,293	15,879	4,755	20,634
Defined benefit plans	436	104	540	740	252	992
Directors' remuneration	-	35,930	35,930	-	12,699	12,699
Labor and health insurance expense	45,649	11,208	56,857	41,067	10,645	51,712
Other employee benefits	52,447	8,523	60,970	36,630	6,299	42,929
Depreciation expense	241,079	34,117	275,196	240,448	29,869	270,317
Amortization expense	115	2,432	2,547	-	5	5

c. Employees' profit sharing bonus and directors' remuneration

According to the Articles of Incorporation of the Company, if the Company has profit in the year, the Company should accrue employees' profit sharing bonus and directors' remuneration at the rates of 5% and no higher than 2%, respectively, of net income before income tax. Employees' profit sharing bonus and directors' remuneration for the years ended December 31, 2021 and 2020 were estimated as follows:

	For the Year Ended December 31			
	2021		2020	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees' profit sharing bonus	5%	$ 84,774	5%	$ 26,873
Directors' remuneration	2%	33,909	2%	10,749

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

There is no difference between the actual amounts of employees' profit sharing bonus and directors' remuneration paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

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

22. INCOME TAXES

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

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 449,922	$ 54,885
Adjustment for prior years	(643)	(6,121)
	449,279	48,764
Deferred tax		
In respect of the current year	18,185	39,795
Income tax expense recognized in profit or loss	$ 467,464	$ 88,559

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

	For the Year Ended December 31	
	2021	2020
Income tax expense calculated at the statutory rate	$ 412,741	$ 112,255
Nondeductible expenses in determining taxable income	6,539	1,475
Benefits not counted in tax	(4,287)	(19,050)
Other adjustments in determining taxable income	53,114	-
Income tax adjustments on prior years	(643)	(6,121)
Income tax expense recognized in profit or loss	$ 467,464	$ 88,559

The tax rate applicable to YC INOX TR Company is 25% in 2021 and 22% in 2020, pursuant to Turkish tax laws.

b. Deferred tax assets and liabilities

	For the Year Ended December 31, 2021			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred tax assets				
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	$ 58,914	$ -	$ 194,202	$ 253,116
Unrealized valuation gain (loss) on financial assets at FVTOCI	-	-	77,509	77,509
Unrecognized gross profit of declared exports	-	21,292	-	21,292
Defined benefit obligations	15,862	(920)	(614)	14,328
Unrealized loss on inventories	2,880	10,580	-	13,460
Payables for annual leave	4,629	140	-	4,769
Others	1,486	(1,486)	-	-
	$ 83,771	$ 29,606	$ 271,097	$ 384,474
Deferred tax liabilities				
Temporary differences				
Unappropriated earnings of subsidiaries	$ 11,648	$ 47,763	$ -	$ 59,411
Allowance for impairment loss on trade receivables	1,724	-	-	1,724
Others	890	28	-	918
	$ 14,262	$ 47,791	$ -	$ 62,053

	For the Year Ended December 31, 2020			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred tax assets				
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	$ 15,444	$ -	$ 43,470	$ 58,914
Defined benefit obligations	16,292	(844)	414	15,862
Payables for annual leave	4,420	209	-	4,629
Unrealized loss on inventories	29,180	(26,300)	-	2,880
Others	6,374	(4,888)	-	1,486
	$ 71,710	$ (31,823)	$ 43,884	$ 83,771

(Continued)

	For the Year Ended December 31, 2020			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred tax liabilities				
Temporary differences				
Unappropriated earnings of subsidiaries	$ 3,228	$ 8,420	$ -	$ 11,648
Allowance for impairment loss on trade receivables	2,172	(448)	-	1,724
Others	890	-	-	890
	$ 6,290	$ 7,972	$ -	$ 14,262

(Concluded)

c. Income tax assessments

The tax returns through 2019 of the Company and Chi Mao Company have been assessed by the tax authorities.

23. EARNINGS PER SHARE

	Net Profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Share (NT$)
For the Year Ended December 31, 2021			
Basic earnings per share			
Net income for the year attributable to owners of the Company	$ 1,260,047	440,544	$2.86
Effect of potentially dilutive ordinary shares:			
Employees' profit sharing bonus	-	2,860	
Convertible bonds	6,611	32,192	
Diluted earnings per share			
Net income for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 1,266,658	475,596	$2.66

	Net Profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Share (NT$)
For the Year Ended December 31, 2020			
Basic earnings per share			
Net income for the year attributable to owners of the Company	$ 423,567	407,460	$1.04
Effect of potentially dilutive ordinary shares:			
Employees' profit sharing bonus	-	1,401	
Convertible bonds	48	38,461	
Diluted earnings per share			
Net income for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 423,615	447,322	$0.95

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

24. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the amount of cash paid for the acquisition of property, plant and equipment during the years ended December 31, 2021 and 2020, respectively, was as follows:

	For the Year Ended December 31	
	2021	2020
Purchase of property, plant and equipment	$ 779,673	$ 219,558
Net changes in payables for acquisition of equipment	(98,226)	29,431
Foreign exchange movements	(51,906)	(77)
Payments for property, plant and equipment	$ 629,541	$ 248,912

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2021

			Non-cash Changes				
	Opening Balance	Cash Flows	Exercise of Conversion Option	Discount Amortization	Interest Amortization	Foreign Exchange Movements	Closing Balance
Short-term borrowings	$ 1,516,550	$ 4,042,630	$ -	$ -	$ -	$ -	$ 5,559,180
Bonds payable	954,978	-	(187,466)	8,263	-	-	775,775
Long-term borrowings (including current portion)	675,000	225,000	-	-	-	-	900,000
Guarantee deposits received	43,140	(12,510)	-	-	-	-	30,630
Lease liabilities	8,074	(4,525)	-	-	83	(352)	3,280
	$ 3,197,742	$ 4,250,595	$ (187,466)	$ 8,263	$ 83	$ (352)	$ 7,268,865

For the year ended December 31, 2020

			Non-cash Changes						
	Opening Balance	Cash Flows	Exercise of Conversion Option	Discount Amortization	New Lease	Interest Amortization	Foreign Exchange Movements	Closing Balance
Short-term borrowings	$ 2,958,788	$(1,442,238)	$ -	$ -	$ -	$ -	$ -	$ 1,516,550
Bonds payable	-	998,000	(43,413)	391	-	-	-	954,978
Long-term borrowings								
(including current portion)	800,000	(125,000)	-	-	-	-	-	675,000
Guarantee deposits received	16,760	26,380	-	-	-	-	-	43,140
Lease liabilities	2,720	(2,973)	-	-	8,351	443	(467)	8,074
	$ 3,778,268	$ (545,831)	$ (43,413)	$ 391	$ 8,351	$ 443	$ (467)	$ 3,197,742

25. CAPITAL MANAGEMENT

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

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

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

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

26. FINANCIAL INSTRUMENTS

a. Fair value

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

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

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

a) Fair Value Hierarchy

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

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Financial assets at FVTPL				
Listed shares	$ 267,852	$ -	$ -	$ 267,852
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic and foreign unlisted shares	2,416,100	-	250,311	2,666,411
Investments in debt instruments				
Trade receivables	-	-	48,380	48,380
	$ 2,683,952	$ -	$ 298,691	$ 2,982,643
Financial liabilities at FVTPL				
Derivatives	$ -	$ -	$ 966	$ 966
December 31, 2020				
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic and foreign unlisted shares	$ 2,090,401	$ -	$ 306,954	$ 2,397,355
Investments in debt instruments				
Trade receivables	-	-	103,970	103,970
	$ 2,090,401	$ -	$ 410,924	$ 2,501,325
Financial liabilities at FVTPL				
Derivatives	$ -	$ -	$ 1,500	$ 1,500

There were no transfers between Levels 1 and 2 in the current and prior year.

In 2020, the Group transferred $2,090,401 thousand from Level 3 to Level 1 as its investee company listed on the emerging stock board of the Taipei Exchange and thus were assessed as being traded in an active market.

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

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTOCI Equity Instruments	Financial Assets at FVTOCI Debt Instruments	Total
Balance at January 1, 2021	$ 306,954	$ 103,970	$ 410,924
Purchase	56,970	-	56,970
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	(113,613)	-	(113,613)
Net increase in trade receivables	-	376,845	376,845
Trade receivables factoring	-	(432,435)	(432,435)
Balance at December 31, 2021	$ 250,311	$ 48,380	$ 298,691

For the year ended December 31, 2020

Financial Assets	Financial Assets at FVTOCI Equity Instruments	Financial Assets at FVTOCI Debt Instruments	Total
Balance at January 1, 2020	$ 400,015	$ 108,647	$ 508,662
Purchase	119,370	-	119,370
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	(212,431)	-	(212,431)
Net increase in trade receivables	-	187,683	187,683
Trade receivables factoring	-	(192,360)	(192,360)
Balance at December 31, 2020	$ 306,954	$ 103,970	$ 410,924

Financial Liabilities at FVTPL	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Derivatives		
Balance at January 1	$ 1,500	$ -
Addition	-	1,500
Recognized in profit or loss (included in other gains and losses)	(534)	-
Balance at December 31	$ 966	$ 1,500

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

Financial Instrument	Valuation Technique and Inputs
Foreign unlisted shares in equity instruments	Discounted cash flow: Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the reporting period. Market approach: In the market approach, the selling price of comparable companies was used to estimate the fair value of the target asset through comparison, analysis and adjustments.
Factored trade receivables	As the effect of discounting is not significant, the fair value is measured based on the original invoice amount.
Financial liabilities at FVTPL	The binomial tree evaluation model of convertible bonds: Consideration of the duration, the share price and volatility of the convertible bond object, conversion price, risk-free interest rate, discount rate, liquidity risk of the convertible bonds and other factors

b. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 267,852	$ -
Financial assets at amortized cost	3,055,665	2,526,712
Financial assets at FVTOCI		
Equity instruments	2,666,411	2,397,355
Trade receivables	48,380	103,970
Financial liabilities		
Amortized cost	8,616,614	3,642,362
FVTPL		
Derivatives	966	1,500

The balances include financial assets at amortized cost, which comprise cash, notes receivable, trade receivables, other receivables, pledged time deposits and refundable deposits.

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

c. Financial risk management objectives and policies

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

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

The financial department reports quarterly to the Group’s management, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

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

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

a) Foreign currency risk

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

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

Sensitivity analysis

The Group is mainly exposed to the USD.

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

	USD Impact For the Year Ended December 31	
	2021	2020
Profit or loss	$ 17,804	$ 18,562

The Group’s sensitivity to foreign currency decreased during the current year mainly due to the decrease in USD bank deposits and trade receivables.

b) Interest rate risk

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

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

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	$ 2,985	$ 2,985
Financial liabilities	779,055	963,052
Cash flow interest rate risk		
Financial assets	713,781	481,533
Financial liabilities	6,459,180	2,191,550

Sensitivity analysis

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

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Group’s income before income tax for the years ended December 31, 2021 and 2020 would have decreased/increased by $5,745 thousand and $1,710 thousand, respectively.

The Group’s sensitivity to interest rates decreased during the current year mainly due to the decrease in financial liabilities with cash flow interest rate risk.

c) Other price risk

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

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 1% higher or lower, pre-tax profit for the year ended December 31, 2021 would have changed by $2,679 thousand; there was no effect since the Company did not hold the financial assets at FVTPL for the year ended December 31, 2020.

2) Credit risk

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

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

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the amount of unused financing facilities was as follows:

	For the Year Ended December 31	
	2021	**2020**
Amount unused	$ 11,874,500	$ 13,965,290

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

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

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

	Less than 1 Year	1-3 Years	Total
December 31, 2021			
Non-interest bearing liabilities	$ 1,869,233	$ -	$ 1,869,233
Lease liabilities	2,482	823	3,305
Floating interest rate liabilities	5,678,823	780,357	6,459,180
	$ 7,550,538	$ 781,180	$ 8,331,718
December 31, 2020			
Non-interest bearing liabilities	$ 743,058	$ -	$ 743,058
Lease liabilities	4,738	3,452	8,190
Floating interest rate liabilities	1,604,050	587,500	2,191,550
	$ 2,351,846	$ 590,952	$ 2,942,798

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	More than 20 Years
December 31, 2021						
Lease liabilities	$ 2,482	$ 823	$ -	$ -	$ -	$ -
December 31, 2020						
Lease liabilities	$ 4,738	$ 3,452	$ -	$ -	$ -	$ -

d. Transfers of financial assets

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

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received Unused	Advances Received Used	Annual Interest Rates on Advances Received (Used)
December 31, 2021					
Fubon bank	$ 737,877 (USD 26,657)	$ 206,800 (USD 7,471)	$ 98,130 (USD 3,545)	$ 531,077 (USD 19,186)	2M TAFIX3 +0.25%
December 31, 2020					
Fubon bank	$ 338,380 (USD 11,881)	$ 218,354 (USD 7,667)	$ 170,451 (USD 5,985)	$ 120,026 (USD 4,214)	2M TAFIX3 +0.25%

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

27. TRANSACTIONS WITH RELATED PARTIES

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

a. Categories of related parties

Related Party	Relationship with the Company
Tai Chyang Investment Co., Ltd.	Other Related Party
Chin Ying Fa Mechanical Ind. Co., Ltd.	Other Related Party

b. Sales of goods

	For the Year Ended December 31	
	2021	2020
Other related parties	$ 3,820	$ 4,282

c. Receivables from related parties

		December 31	
Line Item	Related Party Category	2021	2020
Notes receivable	Other Related Parties	$ 238	$ -
Trade receivables	Other Related Parties	1,252	712
		$ 1,490	$ 712

d. Other income

	For the Year Ended December 31	
	2021	2020
Other related parties	$ 30	$ 30

e. Remuneration of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	$ 86,471	$ 45,819
Post-employment benefits	491	509
	$ 86,962	$ 46,328

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2021	2020
Pledged time deposits (classified as other current assets)	$ 2,985	$ 2,985

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencies and unrecognized commitments of the Group as of December 31, 2021 and 2020 were as follows:

a. As of December 31, 2021 and 2020, unused letters of credit for purchases of raw materials amounted to $879,998 thousand and $436,516 thousand, respectively.

b. As of December 31, 2021 and 2020, unpaid contracts for purchases of raw materials and equipment amounted to $2,664,920 thousand and $243,669 thousand, respectively.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	December 31					
	2021			2020		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
Monetary items						
Financial assets						
USD	$ 64,322	27.68	$ 1,780,420	$ 65,177	28.48	$ 1,856,239

The Group is mainly exposed to the TRY. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31, 2021		For the Year Ended December 31, 2020	
Functional Currency	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gains (Losses)	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gains (Losses)
NTD	1.0000 (NTD:NTD)	$ (11,554)	1.0000 (NTD:NTD)	$ (65,567)
TRY	3.1594 (TRY:NTD)	407,024	4.2107 (TRY:NTD)	63,607
		$ 395,470		$ (1,960)

31. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

1) Financing provided to others (None)

2) Endorsements/guarantees provided (Table 1)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (Table 3)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

9) Trading in derivative instruments (None)

10) Intercompany relationships and significant intercompany transactions (None)

11) Information on investees (Table 4)

b. Information on investments in mainland China (None)

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

32. SEGMENT INFORMATION

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

a. Segment revenue and operating results

	Segment Revenue		Segment Profit or Loss	
	2021	2020	2021	2020
Stainless steel tubes/pipes	$ 9,478,885	$ 6,841,412	$ 962,110	$ 465,957
Stainless steel sheets/coils	8,047,890	5,644,691	412,720	10,728
Others	251,144	231,049	14,391	(12,056)
Generated from continuing operating segment	$ 17,777,919	$ 12,717,152	1,389,221	464,629
Interest income			644	3,295
Other gains and losses, net			12,453	76,571
Net foreign exchange gains (losses)			395,470	(1,960)
Interest expense			(38,308)	(29,502)
Loss on disposal of property, plant and equipment			(22,788)	(12,783)
(Loss) gain on financial instruments at FVTPL			(9,181)	11,876
Income before income tax			$ 1,727,511	$ 512,126

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales in 2021 and 2020.

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

b. Geographical information

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

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

	Revenue from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2021	2020	2021	2020
Asia	$ 5,741,789	$ 4,879,862	$ 4,571,542	$ 4,508,865
Europe	4,730,537	2,950,876	995,440	529,123
America	3,550,518	2,372,694	-	-
Others	3,755,075	2,513,720	-	-
	$ 17,777,919	$ 12,717,152	$ 5,566,982	$ 5,037,988

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

c. Information of major customers

No single customer contributed 10% or more to the Group’s revenue for both 2021 and 2020.

YC INOX CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and Foreign Currency)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	The Company	YC INOX TR Company	Subsidiary	$ 1,880,413	$ 276,800 (USD 10,000)	$ 276,800 (USD 10,000)	$ -	$ -	3	$ 3,760,826	Y	-	-	-

Note 1: 0 represents the parent company.

Note 2: The endorsement/guarantee limit for each entity and aggregate endorsement/guarantee limit are 20% and 40%, respectively, of the net assets of the Company.

Note 3: Figures in foreign currency in the table above were converted into New Taiwan Dollars at the exchange rate on the balance sheet date.

YC INOX CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and Shares)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021			
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Company	Ordinary Shares						
	Ta Chen Stainless Pipe Co., Ltd	None	Financial assets at FVTPL - current	5,791	$ 267,852	0.30	$ 267,852
	AltruBio Inc.	None	Financial assets at FVTOCI - non-current	11,051	57,688	9.33	57,688
	Gongwin Biopharm Holdings Co., Ltd.	None	Financial assets at FVTOCI - non-current	7,720	2,163,839	7.03	2,163,839
	Preference Shares						
	AltruBio Inc. - Series A-2	None	Financial assets at FVTOCI - non-current	20,426	106,623	23.00	106,623
Chi Mao Company	Ordinary Shares						
	AltruBio Inc.	None	Financial assets at FVTOCI - non-current	560	2,923	0.47	2,923
	Gongwin Biopharm Holdings Co., Ltd.	None	Financial assets at FVTOCI - non-current	900	252,261	0.82	252,261
	Preference Shares						
	AltruBio Inc. - Series A-1	None	Financial assets at FVTOCI - non-current	15,915	83,077	4.74	83,077

YC INOX CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note 2)		Acquisition (Note 3)		As of December 31, 2021				Ending Balance (Note 2)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
The Company	Ordinary shares (Note 1)	Investment accounted for using the equity method	YC INOX TR Company	Subsidiary	360	$ 1,430,801	360	$ 979,951	-	$ -	$ -	$ -	720	$ 1,678,553

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

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

Note 3: Refer to Note 11.

Note 4: Eliminated.

YC INOX CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount		
The Company	Chi Mao Company	Xizhou Township, Changhua County, Taiwan	Investment	$ 100,120	$ 100,120	10,000,000	100	$ 272,532	$ (968)	$ (968)
	YC INOX TR Company	Turkey	Manufacturing and distribution of stainless steel tubes/pipes and sheets/coils	2,647,080	1,667,129	720	100	1,678,553	238,812	238,812

Note: Eliminated.

TABLE 5

YC INOX CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares Held	Percentage of Ownership
Tai Chyang Investment Co. Ltd.	59,909,508	13.47%
Shun Chyang Investment Co. Ltd.	25,317,298	5.69%

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

Appendix

Standalone Financial Statements

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying parent company only financial statements of YC Inox Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2021 and 2020, the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2021 and 2020, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's parent company only financial statements for the year ended December 31, 2021 is described as follows:

Inventory Valuation

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

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

1. We understood and assessed the appropriateness of the Company's policies on the provision for inventory valuation loss and the related internal control procedures.

2. We obtained the inventory valuation report and sampled and reviewed the correctness and reasonableness of the net realizable value.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Done-Yuin Tseng and Shu-Chin Chiang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 18, 2022

<u>*Notice to Readers*</u>

The accompanying parent company only financial statements are intended only to present the parent company only financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

YC INOX CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Notes 4 and 6)	$ 728,661	4	$ 479,934	4
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	267,852	1	-	-
Notes receivable (Notes 4 and 27)	166,220	1	60,333	-
Trade receivables (Notes 4, 9 and 27)	1,241,870	7	962,951	7
Other receivables (Note 4)	296,636	1	250,061	2
Inventories (Notes 4, 5 and 10)	6,514,836	35	3,012,232	23
Prepayments	378,218	2	18,163	-
Other current assets (Notes 4 and 28)	3,001	-	2,985	-
Total current assets	9,597,294	51	4,786,659	36
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,328,150	12	2,124,359	16
Investments accounted for using the equity method (Notes 4 and 11)	1,951,085	10	1,686,625	13
Property, plant and equipment (Notes 4 and 12)	4,238,219	23	4,320,288	33
Right-of-use assets (Notes 4 and 13)	3,079	-	6,533	-
Computer software (Notes 4 and 14)	6,078	-	187	-
Deferred tax assets (Notes 4 and 22)	380,725	2	83,771	1
Prepayments for equipment	271,762	2	128,763	1
Other non-current assets (Note 4)	52,404	-	53,093	-
Total non-current assets	9,231,502	49	8,403,619	64
TOTAL	$ 18,828,796	100	$ 13,190,278	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	$ 5,489,180	29	$ 1,496,550	11
Contract liabilities - current (Note 20)	518,204	3	290,364	2
Notes payable	14,557	-	181	-
Trade payables	771,356	4	121,084	1
Other payables (Notes 17 and 18)	464,281	2	330,866	3
Current tax liabilities (Notes 4 and 22)	299,201	2	42,517	-
Lease liabilities - current (Notes 4 and 13)	2,292	-	3,486	-
Current portion of long-term borrowings (Note 15)	119,643	1	87,500	1
Other current liabilities	26,165	-	44,984	-
Total current liabilities	7,704,879	41	2,417,532	18
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 16)	966	-	1,500	-
Bonds payable (Notes 4 and 16)	775,775	4	954,978	7
Long-term borrowings (Note 15)	780,357	4	587,500	5
Deferred tax liabilities (Notes 4 and 22)	62,053	-	14,262	-
Lease liabilities - non-current (Notes 4 and 13)	814	-	3,106	-
Net defined benefit liabilities - non-current (Notes 4 and 18)	71,257	1	78,885	1
Guarantee deposits received	30,630	-	43,140	-
Total non-current liabilities	1,721,852	9	1,683,371	13
Total liabilities	9,426,731	50	4,100,903	31
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Ordinary shares	4,445,345	24	4,371,307	33
Registered capital (pending change)	1,080	-	-	-
Capital surplus	1,994,700	10	1,882,352	14
Retained earnings				
Legal reserve	1,166,385	6	1,124,194	9
Special reserve	-	-	185,661	1
Unappropriated earnings	1,276,096	7	522,557	4
Other equity	518,459	3	1,003,304	8
Total equity	9,402,065	50	9,089,375	69
TOTAL	$ 18,828,796	100	$ 13,190,278	100

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

YC INOX CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 20 and 27)	$ 17,777,919	100	$ 12,717,152	100
OPERATING COSTS (Notes 5, 10 and 21)	14,884,779	84	11,532,537	91
GROSS PROFIT	2,893,140	16	1,184,615	9
OPERATING EXPENSES (Note 21)				
Selling and marketing expenses	1,221,866	7	517,820	4
General and administrative expenses	263,271	1	190,881	1
Expected credit loss (Notes 4 and 9)	820	-	-	-
Total operating expenses	1,485,957	8	708,701	5
INCOME FROM OPERATIONS	1,407,183	8	475,914	4
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Share of profits of subsidiaries (Notes 4 and 11)	237,844	1	52,952	-
Interest income	256	-	938	-
Other gains and losses, net (Note 27)	12,519	-	76,636	1
Interest expense (Notes 21)	(37,474)	-	(29,072)	-
Loss on disposal of property, plant and equipment	(22,788)	-	(12,783)	-
Foreign exchange loss, net	(11,554)	-	(65,746)	(1)
Gain (loss) on fair value changes of financial instruments at fair value through profit or loss	(9,181)	-	1,000	-
Total non-operating income and expenses	169,622	1	23,925	-
INCOME BEFORE INCOME TAX	1,576,805	9	499,839	4
INCOME TAX EXPENSE (Notes 4 and 22)	316,758	2	76,272	1
NET INCOME	1,260,047	7	423,567	3
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	3,069	-	(2,068)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	203,791	1	1,205,124	10
Share of other comprehensive income of subsidiaries accounted for using the equity method	17,676	-	157,719	1
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 22)	73,146	1	414	-
	297,682	2	1,361,189	11

(Continued)

YC INOX CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	$ (971,011)	(6)	$ (217,348)	(2)
Income tax related to items that may be reclassified subsequently to profit or loss (Note 22)	194,202	1	43,470	1
	(776,809)	(5)	(173,878)	(1)
Other comprehensive income (loss) for the year, net of income tax	(479,127)	(3)	1,187,311	10
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 780,920	4	$ 1,610,878	13
EARNINGS PER SHARE (Note 23)				
Basic	$ 2.86		$ 1.04	
Diluted	$ 2.66		$ 0.95	

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

YC INOX CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Ordinary Shares (Note 19)			Retained Earnings (Note 19)			Other Equity (Note 4)		
	Capital Stock Ordinary Shares	Registered Capital (Pending Change)	Capital Surplus (Note 19)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2020	$ 4,071,307	$ -	$ 1,663,578	$ 1,061,821	$ -	$ 837,235	$ (61,777)	$ (123,884)	$ 7,448,280
Appropriation of 2019 earnings									
Legal reserve	-	-	-	62,373	-	(62,373)	-	-	-
Special reserve	-	-	-	-	185,661	(185,661)	-	-	-
Cash dividends	-	-	-	-	-	(488,557)	-	-	(488,557)
Equity component of convertible bonds issued by the Company	-	-	40,913	-	-	-	-	-	40,913
Issuance of cash dividends from capital surplus	-	-	(122,139)	-	-	-	-	-	(122,139)
Net profit for the year ended December 31, 2020	-	-	-	-	-	423,567	-	-	423,567
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(1,654)	(173,878)	1,362,843	1,187,311
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	421,913	(173,878)	1,362,843	1,610,878
Issuance of ordinary shares for cash	300,000	-	300,000	-	-	-	-	-	600,000
BALANCE AT DECEMBER 31, 2020	4,371,307	-	1,882,352	1,124,194	185,661	522,557	(235,655)	1,238,959	9,089,375
Appropriation of 2020 earnings									
Legal reserve	-	-	-	42,191	-	(42,191)	-	-	-
Cash dividends	-	-	-	-	-	(655,696)	-	-	(655,696)
Reversal of special reserve	-	-	-	-	(185,661)	185,661	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	1,260,047	-	-	1,260,047
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	2,455	(776,809)	295,227	(479,127)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,262,502	(776,809)	295,227	780,920
Convertible bonds converted to ordinary shares	74,038	1,080	112,348	-	-	-	-	-	187,466
Disposal of investments in equity instruments at fair value through other comprehensive income by subsidiaries	-	-	-	-	-	3,263	-	(3,263)	-
BALANCE AT DECEMBER 31, 2021	$ 4,445,345	$ 1,080	$ 1,994,700	$ 1,166,385	$ -	$ 1,276,096	$ (1,012,464)	$ 1,530,923	$ 9,402,065

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

YC INOX CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,576,805	$ 499,839
Adjustments for:		
Depreciation expense	274,004	269,392
Amortization expense	2,403	5
Expected credit loss	820	-
Dividend income	(4,000)	-
Loss (gain) on financial instruments at fair value through profit or loss, net	9,181	(1,000)
Interest expense	37,474	29,072
Interest income	(256)	(938)
Share of profit of subsidiaries	(237,844)	(52,952)
Loss on disposal of property, plant and equipment	22,788	12,783
Write-down (reversal of write-down) of inventories	52,900	(131,500)
Loss on foreign currency exchange, net	1,194	9,122
Changes in operating assets and liabilities:		
Notes receivable	(105,887)	(14,481)
Trade receivables	(280,426)	255,672
Other receivables	(46,969)	244,151
Inventories	(3,555,504)	346,505
Prepayments	(360,055)	25,929
Other current assets	(16)	(485)
Contract liabilities	227,840	111,473
Notes payable	14,376	(10,020)
Trade payables	650,272	(67,892)
Other payables	132,509	(25,453)
Other current liabilities	(18,819)	22,365
Net defined benefit liabilities	(4,559)	(4,212)
Cash generated from (used in) operations	(1,611,769)	1,517,375
Interest received	256	938
Dividends received	4,000	-
Interest paid	(26,949)	(28,639)
Income tax paid	(41,889)	(31,092)
Net cash generated from (used in) operating activities	(1,676,351)	1,458,582
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	(324,306)	(90,675)
Disposal of financial assets at fair value through profit or loss	46,739	-
Acquisition of subsidiaries	(979,951)	(726,146)
Acquisition of property, plant and equipment	(207,557)	(216,757)
Proceeds from disposal of property, plant and equipment	77,386	54,060
Decrease (increase) in refundable deposits	10	(1)
Acquisition of intangible assets	(6,821)	-
Decrease in other non-current assets	473	28,307
Increase in prepayments for equipment	(226,787)	(133,982)
Net cash used in investing activities	(1,620,814)	(1,085,194)

(Continued)

YC INOX CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments of) short-term borrowings	$ 3,992,630	$ (1,462,238)
Proceeds from issuance of convertible bonds	-	998,000
Proceeds from long-term borrowings	600,000	500,000
Repayments of long-term borrowings	(375,000)	(625,000)
(Decrease) increase in guarantee deposits received	(12,510)	26,380
Repayments of the principal portion of lease liabilities	(3,532)	(1,648)
Cash dividends distributed	(655,696)	(610,696)
Proceeds from issuance of ordinary shares	-	600,000
Net cash generated from (used in) financing activities	3,545,892	(575,202)
NET INCREASE (DECREASE) IN CASH	248,727	(201,814)
CASH AT THE BEGINNING OF THE YEAR	479,934	681,748
CASH AT THE END OF THE YEAR	$ 728,661	$ 479,934

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

YC INOX CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL INFORMATION

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

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

The parent company only financial statements of the Company are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company's board of directors on March 18, 2022.

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

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

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Company's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations").

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing the parent company only financial statements, the Company accounts for subsidiaries by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and share of other comprehensive income of subsidiaries in the parent company only financial statements.

c. Classification of current and noncurrent assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

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

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

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

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

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

e. Inventories

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

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution of earnings. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

g. Property, plant and equipment

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

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

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

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

h. Computer software

1) Computer software acquired separately

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

2) Derecognition of computer software

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

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in debt instruments at FVTOCI

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

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

iv. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

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

b) Derecognition of financial liabilities

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

3) Convertible bonds

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

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

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

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

k. Revenue recognition

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

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

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

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

l. Leasing

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

1) The Company as lessor

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

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

2) The Company as lessee

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

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

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

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

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

m. Borrowing costs

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

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

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

n. Government grants

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

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

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

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

p. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred tax

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Company considers the possible economic implications when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty - Write-down of Inventories

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

6. CASH

	December 31 2021	December 31 2020
Cash on hand	$ 1,010	$ 1,208
Checking accounts and demand deposits	727,651	478,726
	$ 728,661	$ 479,934
Annual interest rate (%)		
Demand deposits	0.001-0.04	0.001-0.2

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2021	December 31 2020
Current		
Financial assets mandatorily classified as at FVTPL		
Domestic listed shares	$ 267,852	$ -

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

	December 31 2021	December 31 2020
Investments in equity instruments		
Foreign unlisted shares	$ 164,311	$ 258,744
Domestic unlisted shares	2,163,839	1,865,615
	$ 2,328,150	$ 2,124,359

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

9. TRADE RECEIVABLES

	December 31	
	2021	2020
At amortized cost		
Gross carrying amount	$ 1,195,732	$ 860,609
Less: Allowance for impairment loss	(2,242)	(1,628)
	1,193,490	858,981
At FVTOCI	48,380	103,970
	$ 1,241,870	$ 962,951

a. At amortized cost

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

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

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

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

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

	Not Past Due	Past Due 1-60 Days	Past Due 61-120 Days	Past Due 121-180 Days	Past Due More than 180 Days	Total
December 31, 2021						
Expected credit loss rate	0%	1%	10%	50%	100%	
Gross carrying amount	$ 1,082,811	$ 112,921	$ -	$ -	$ -	$ 1,195,732
Loss allowance	-	(2,242)	-	-	-	(2,242)
Amortized cost	$ 1,082,811	$ 110,679	$ -	$ -	$ -	$ 1,193,490

	Not Past Due	Past Due 1-60 Days	Past Due 61-120 Days	Past Due 121-180 Days	Past Due More than 180 Days	Total
December 31, 2020						
Expected credit loss rate	0%	1%	10%	50%	100%	
Gross carrying amount	$ 770,806	$ 89,667	$ 29	$ 107	$ -	$ 860,609
Loss allowance	-	(1,571)	(3)	(54)	-	(1,628)
Amortized cost	$ 770,806	$ 88,096	$ 26	$ 53	$ -	$ 858,981

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

	For the Year Ended December 31 2021	2020
Balance at January 1	$ 1,628	$ 1,845
Add: Net remeasurement of loss allowance	614	-
Less: Amounts written off	-	(217)
Balance at December 31	$ 2,242	$ 1,628

b. At FVTOCI

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

As of December 31,2021 and 2020, the Company had no overdue trade receivables, and the allowance for impairment loss was $0 in all aging periods.

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

10. INVENTORIES

	December 31 2021	2020
Raw materials	$ 3,028,253	$ 890,966
Work in progress	89,175	96,344
Semi-finished goods	489,871	389,615
Finished goods	2,889,264	1,609,339
Merchandise	18,273	25,968
	$ 6,514,836	$ 3,012,232

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was $14,884,779 thousand and $11,532,537 thousand, respectively. The cost of goods sold included the loss on inventory write-downs of $52,900 thousand and gain on reversal of inventory write-downs of $131,500 thousand. Inventory write-downs were reversed as a result of increased selling prices of raw materials.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD - INVESTMENTS IN SUBSIDIARIES

	December 31			
	2021		2020	
Investments in Subsidiaries	Amount	Proportion of Ownership (%)	Amount	Proportion of Ownership (%)
Chi Mao Investment Co., Ltd. (Chi Mao Company)	$ 272,532	100	$ 255,824	100
YC INOX TR CELIK SANAYI VE TICARET A.S. (YC INOX TR Company)	1,678,553	100	1,430,801	100
	$ 1,951,085		$ 1,686,625	

For the nature of activities of the subsidiaries listed above, refer to Table 4.

The Company invested an additional $726,146 thousand, $334,236 thousand, $279,870 thousand and $365,845 thousand in YC INOX TR Company in September 2020, August 2021, October 2021 and December 2021, respectively. The aforementioned investments have been approved by the Overseas Chinese and Foreign Investment Commission of the Ministry of Economic Affairs.

The Company has been planning to increase the investment in YC INOX TR Company by TRY640,000 thousand, which was approved by the Company's board of directors in January 2022, and invested $361,725 thousand (TRY175,918 thousand) in February 2022.

The share of profit or loss and other comprehensive income of the subsidiaries accounted for using the equity method for the years ended December 31, 2021 and 2020 was recognized based on the subsidiaries financial statements which have been audited for the same years.

12. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2021				
	Balance, Beginning of the Year	Additions	Disposals	Reclassifications	Balance, End of the Year
Cost					
Land	$ 1,999,794	$ -	$ -	$ -	$ 1,999,794
Land improvements	13,496	1,176	-	-	14,672
Buildings	1,485,497	15,160	(17,935)	-	1,482,722
Machinery and equipment	2,568,928	62,908	(58,879)	58,431	2,631,388
Transportation equipment	135,282	68,669	(80,951)	22,105	145,105
Office equipment	124,489	7,037	(2,005)	(2,357)	127,164
Other equipment	614,522	51,390	(6,413)	3,095	662,594
	6,942,008	$ 206,340	$ (166,183)	$ 81,274	7,063,439

(Continued)

	For the Year Ended December 31, 2021				
	Balance, Beginning of the Year	Additions	Disposals	Reclassifications	Balance, End of the Year
Accumulated depreciation					
Land improvements	$ 8,040	$ 1,546	$ -	$ -	$ 9,586
Buildings	532,944	66,142	(12,288)	-	586,798
Machinery and equipment	1,698,531	126,746	(34,087)	-	1,791,190
Transportation equipment	37,392	19,013	(12,594)	-	43,811
Office equipment	82,453	14,076	(2,005)	(1,041)	93,483
Other equipment	262,360	43,027	(5,035)	-	300,352
	2,621,720	$ 270,550	$ (66,009)	$ (1,041)	2,825,220
	$ 4,320,288				$ 4,238,219

(Concluded)

	For the Year Ended December 31, 2020				
	Balance, Beginning of the Year	Additions	Disposals	Reclassifications	Balance, End of the Year
Cost					
Land	$ 1,999,794	$ -	$ -	$ -	$ 1,999,794
Land improvements	13,046	450	-	-	13,496
Buildings	1,424,307	18,931	-	42,259	1,485,497
Machinery and equipment	2,432,636	68,056	(78,971)	147,207	2,568,928
Transportation equipment	139,433	37,184	(57,855)	16,520	135,282
Office equipment	105,678	15,505	(1,667)	4,973	124,489
Other equipment	513,693	47,646	(7,035)	60,218	614,522
Construction in progress	25,621	-	-	(25,621)	-
	6,654,208	$ 187,772	$ (145,528)	$ 245,556	6,942,008
Accumulated depreciation					
Land improvements	6,612	$ 1,428	$ -	$ -	8,040
Buildings	463,979	68,965	-	-	532,944
Machinery and equipment	1,623,754	130,859	(56,082)	-	1,698,531
Transportation equipment	33,943	17,401	(13,952)	-	37,392
Office equipment	71,646	12,474	(1,667)	-	82,453
Other equipment	232,651	36,693	(6,984)	-	262,360
	2,432,585	$ 267,820	$ (78,685)	$ -	2,621,720
	$ 4,221,623				$ 4,320,288

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

Land improvements	10 years
Buildings	
Office buildings	20-35 years
Plants	10-20 years
Machinery and equipment	2-15 years
Transportation equipment	8 years
Office equipment	3-10 years
Other equipment	2-20 years

Farmland held by the Company which is situated in No.75-1 and 75-2 (2,044 square meters) of Jiumei Section, Xizhou Township, Changhua County and No.115 (171 square meters), No.115-1 and 115-2 (3,218 square meters), and No.116 (120 square meters) situated in Xinguan Section., Puxin Township, Changhua County were designated as parking lots, finished goods storage and loading areas. As registration for the transfer of ownership rights cannot currently be implemented in accordance with the law, all the farmland was registered under the name of Chairman Chang Chin Yu, and all the 6 lots of land were mortgaged to the Company for a total of $40,000 thousand.

No impairment assessment was performed for the years ended December 31, 2021 and 2020 as there was no indication of impairment.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	**2020**
Carrying amount		
Land	$ 28	$ 306
Buildings	1,200	1,600
Other equipment	1,851	4,627
	$ 3,079	$ 6,533

	For the Year Ended December 31	
	2021	**2020**
Additions to right-of-use assets	$ -	$ 7,437
Depreciation of right-of-use assets		
Land	$ 278	$ 362
Buildings	400	400
Other equipment	2,776	810
	$ 3,454	$ 1,572

The Company did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2021 and 2020.

b. Lease liabilities

	December 31	
	2021	**2020**
Carrying amount		
Current	$ 2,292	$ 3,486
Non-current	814	3,106
	$ 3,106	$ 6,592

Discount rates for lease liabilities were as follows:

	December 31	
	2021	2020
Land	1.20%	1.20%
Buildings	1.15%	1.15%
Other equipment	0.88%	0.88%

c. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to low value asset leases	$ 130	$ 83
Total cash outflow for leases	$ 3,662	$ 1,731

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

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

The Company leases certain land, buildings and other equipment for operating uses with lease terms of 2 to 12 years. The Company does not have bargain purchase options to acquire the leasehold land, buildings and other equipment at the end of the lease terms.

14. COMPUTER SOFTWARE

	For the Year Ended December 31, 2021			
	Balance, Beginning of the Year	Additions	Reclassifications	Balance, End of the Year
Cost	$ 192	$ 6,821	$ 2,514	$ 9,527
Accumulated amortization	5	$ 2,403	$ 1,041	3,449
	$ 187			$ 6,078

	For the Year Ended December 31, 2020			
	Balance, Beginning of the Year	Additions	Reclassifications	Balance, End of the Year
Cost	$ -	$ -	$ 192	$ 192
Accumulated amortization	-	$ 5	$ -	5
	$ -			$ 187

Other intangible assets are amortized on a straight-line basis over their estimated useful lives of 1-5 years.

15. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Letter of credit borrowings and export bills	$ 3,789,180	$ 1,196,550
Line of credit borrowings	1,700,000	300,000
	$ 5,489,180	$ 1,496,550
Annual interest rate range (%)		
Letter of credit borrowings and export bills	0.32-0.80	0.43-0.83
Line of credit borrowings	0.46-0.98	0.72-0.83

b. Long-term borrowings

	December 31	
	2021	2020
Unsecured borrowings		
Line of credit borrowings	$ 900,000	$ 675,000
Less: Current portion	(119,643)	(87,500)
	$ 780,357	$ 587,500
Annual interest rate range (%)	0.88-0.90	0.88-0.90

The line of credit borrowings of the Company will be repaid in New Taiwan dollars. The borrowings are repayable in installments at varying amounts from March 2024 to October 2026.

16. BONDS PAYABLE

	December 31	
	2021	2020
3rd domestic unsecured convertible bonds	$ 775,775	$ 954,978

On December 15, 2020, the Company issued 5-year, 0% NTD-denominated unsecured convertible bonds in Taiwan for $1,000,000 thousand, and the maturity date of the bonds is December 15, 2025. Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of $26.5, such conversion price shall be later adjusted in accordance with the formula started in the Anti-dilution provisions of the “Rules and conditions of issuance and conversion of the 3rd domestic unsecured corporate bonds” (as of December 31, 2021, the conversion price has been adjusted to $25). For the period from the day following three months after the date of issuance of the convertible bonds (March 16, 2021) to 40 days before the maturity date (November 5, 2025), if the closing share price of the Company exceed 30% of the prevailing conversion price for 30 consecutive business days, or the outstanding balance falls lower than 10% of the original total issuance amount, the Company may redeem the bonds in cash at face value. In addition, holders may request to sell the bonds they hold back to the Company at any time within 30 days before the expiry of the third year from the date of issuance (December 15, 2023).

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

As of December 31, 2021, the face value of the bonds payable converted by the holders was $195,200 thousand.

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

	Debt Instrument for Master Contracts
Proceeds from issuance (less issuance costs of $2,000 thousand)	$ 998,000
Equity component (less issuance costs allocated to the equity component of $87 thousand)	(40,913)
Financial liabilities	(2,500)
Liability component at the date of issuance	954,587
Amortization of discount in 2020	391
Balance at January 1, 2021	954,978
Converted into ordinary shares this year	(187,466)
Amortization of discount this year	8,263
Balance at December 31, 2021	$ 775,775

Derivate instrument - put options (financial liabilities)

	For the Year Ended December 31	
	2021	2020
Balance at January 1, 2021	$ 1,500	$ -
Bonds payable issued	-	1,500
Changes in fair value	(534)	-
Balance at December 31, 2021	$ 966	$ 1,500

17. OTHER PAYABLES

	December 31	
	2021	2020
Payables for salaries and bonuses	$ 164,141	$ 108,087
Payables for acquisition of equipment	59,710	60,927
Payables for employees' profit sharing bonus and directors' remuneration	118,684	37,622
Payables for commission	3,853	11,369
Others	117,893	112,861
	$ 464,281	$ 330,866

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plans

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

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

	December 31	
	2021	**2020**
Present value of defined benefit obligation	$ 150,641	$ 160,629
Fair value of plan assets	(79,000)	(81,321)
Net liabilities recognized in the parent company only balance sheets	71,641	79,308
Other payables	(384)	(423)
Net defined benefit liabilities	$ 71,257	$ 78,885

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Liabilities Recognized in the Parent Company only Balance Sheets
Balance at January 1, 2020	$ 162,903	$ (81,447)	$ 81,456
Service cost			
Current service cost	403	-	403
Net interest expense (income)	1,205	(616)	589
Recognized in profit or loss	1,608	(616)	992
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,716)	(2,716)
Actuarial gain-Changes in demographic assumptions	(2)	-	(2)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Liabilities Recognized in the Parent Company only Balance Sheets
Actuarial loss-Changes in financial assumptions	$ 7,015	$ -	$ 7,015
Actuarial gain-Experience adjustments	(2,229)	-	(2,229)
Recognized in other comprehensive (income) loss	4,784	(2,716)	2,068
Contributions from the employer	-	(5,208)	(5,208)
Benefits paid	(8,666)	8,666	-
Balance at December 31, 2020	160,629	(81,321)	79,308
Service cost			
Current service cost	310	-	310
Net interest expense (income)	477	(247)	230
Recognized in profit or loss	787	(247)	540
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,220)	(1,220)
Actuarial loss-changes in demographic assumptions	326	-	326
Actuarial gain-changes in financial assumptions	(5,725)	-	(5,725)
Actuarial loss-experience adjustments	3,550	-	3,550
Recognized in other comprehensive (income) loss	(1,849)	(1,220)	(3,069)
Contributions from the employer	-	(5,138)	(5,138)
Benefits paid	(8,926)	8,926	-
Balance at December 31, 2021	$ 150,641	$ (79,000)	$ 71,641

(Concluded)

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

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

2) Interest rate risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2021	2020
Discount rate	0.70%	0.30%
Expected rate of salary increase	2.00%	2.00%

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

	December 31	
	2021	2020
Discount rate		
0.25% increase	$ (3,468)	$ (3,953)
0.25% decrease	$ 3,589	$ 4,097
Expected rate of salary increase/decrease		
0.25% increase	$ 3,534	$ 4,017
0.25% decrease	$ (3,433)	$ (3,897)

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

	December 31	
	2021	2020
Expected contributions to the plans for the next year	$ 5,606	$ 5,606
Average duration of the defined benefit obligation	9 years	9 years

19. EQUITY

a. Capital stock

	December 31	
	2021	2020
Authorized shares (in thousands of shares)	499,000	499,000
Authorized capital	$ 4,990,000	$ 4,990,000
Issued and paid shares (in thousands of shares)	444,535	437,131
Issued capital	$ 4,445,345	$ 4,371,307
Registered capital (pending change)	$ 1,080	$ -

A holder of issued common shares with par value of NT$10 per share is entitled to vote and to receive dividends.

In October 2020, the Company's board of directors resolved to issue cash capital increase of 30,000 thousand ordinary shares at par value of $10, which increased the paid-in capital to $4,371,307 thousand. Such cash capital increase was approved by the FSC and entered into effective on November 25, 2020, the book closure ending date was December 28, 2020, and the change of paid-in capital registration has completed.

	Ordinary Share Capital - including registered capital (pending change) (in thousands of shares)
Balance at January 1, 2021	$ 437,131
Convertible bonds converted to ordinary shares at September 3, 2021 and November 5, 2021	7,404
Convertible bonds converted to ordinary shares (registered capital - pending change)	108
Balance at December 31, 2021	$ 444,643

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to capital		
Additional paid-in capital	$ 1,466,300	$ 1,466,300
Conversion of bonds	490,234	369,900
Interest premium payable on convertible bonds	5,239	5,239
Not allowed to be used for any purpose		
Share warrants of convertible bonds	32,927	40,913
	$ 1,994,700	$ 1,882,352

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

c. Retained earnings and dividend policy

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

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

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

Items referred to under Rule No. 1090150022 issued by the FSC should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2020 and 2019, which were approved in the shareholders' meetings in August 2021 and June 2020, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2020	2019
Legal reserve	$ 42,191	$ 62,373
(Reversal of) special reserve	$ (185,661)	$ 185,661
Cash dividends	$ 655,696	$ 488,557
Cash dividends per share (NT$)	$ 1.5	$ 1.2

The appropriation of $122,139 thousand cash dividends from capital surplus was approved in the shareholders' meetings in June 2020.

The appropriation of earnings for 2021, which has been proposed by the Company's board of directors on March 18, 2022, was as follows:

	Appropriation of Earnings
Legal reserve	$ 126,576
Cash dividends	$ 666,964
Cash dividends per share (NT$)	$ 1.5

The appropriation of earnings will be resolved by the shareholders in their meeting to be held in June 2022.

20. NET REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from the sale of goods	$ 17,777,919	$ 12,717,152

Contract liabilities

	December 31 2021	December 31 2020
Contract balance		
Sale of goods	$ 518,204	$ 290,364

21. NET PROFIT

a. Interest expense

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Interest on borrowings	$ 29,003	$ 28,672
Interest on short-term bills payable	162	207
Interest on lease liabilities	46	42
Interest on bonds payable	8,263	391
	37,474	29,312
Less: Capitalized interest amount	-	(240)
	$ 37,474	$ 29,072

Information about capitalized interest was as follows:

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Capitalized interest amount	$ -	$ 240
Capitalization rate (%)	-	0.66-1.18

b. Employee benefits expense, depreciation expense and amortization expense

	For the Year Ended December 31					
	2021			2020		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salaries expense	$ 543,862	$ 209,152	$ 753,014	$ 442,757	$ 144,146	$ 586,903
Post-employment benefits						
Defined contribution plans	18,317	4,616	22,933	15,879	4,611	20,490
Defined benefit plans	436	104	540	740	252	992
Directors' remuneration	-	35,930	35,930	-	12,699	12,699
Labor and health insurance expense	45,649	10,897	56,546	41,067	10,521	51,588
Other employee benefits	52,447	8,437	60,884	36,630	6,258	42,888
Depreciation expense	241,079	32,925	274,004	240,448	28,944	269,392
Amortization expense	114	2,289	2,403	-	5	5

As of December 31, 2021 and 2020, the Company had 844 and 869 employees, respectively; and the number of directors not concurrently serving as employees was 6 and 5. The calculation basis is consistent with that for employee benefits expense.

As of December 31, 2021 and 2020, average employee benefits expense was $1,065 thousand and $813 thousand, respectively, and average employee salary expense was $898 thousand and $679 thousand, respectively. Average employee salary expense increased by 32% compared to the previous year.

The principles of directors' remuneration and the payment of salary and traveling expenditures to directors shall follow the "Regulations for the Compensation of Directors and their Concurrently-Serving Functional Committees" and refer to the arms' length range of the same industry.

The performance evaluation of the Company's managerial officers not only considers the Company's overall operating performance, future business risks and development trends of the industry, but also the individual's performance achievement rate and contribution to the Company's performance to grant the reasonable compensation. The payment shall be determined in compliance with the "Policies and Regulations of Salary and Compensation" and salary-related management regulations of the Company, which shall be sufficient to commend the responsibility and risk they bear.

The performance evaluation and reasonableness of the compensation for directors shall be reviewed and approved by the Compensation Committee and the Board of Directors, by referring to the salary level of the similar position in the same industry, and by considering the reasonableness of their compensation with their personal performance, the Company's performance, and future business risks. The compensation system shall be reviewed from time to time in compliance with actual operating conditions and relevant laws and regulations, to pursue the balance between the Company's sustainable operation and risk control.

The compensation paid to employees is determined based on the provisions of the "Payroll Policy", and referred to the salary level of the similar position in the same industry, their responsibilities in the Company, and their contribution to the Company's operating goals, to grant reasonable compensation.

c. Employees' profit sharing bonus and directors' remuneration

According to the Articles of Incorporation of the Company, if the Company has profit in the year, the Company should accrue employees' profit sharing bonus and directors' remuneration at the rates of 5% and no higher than 2%, respectively, of net income before income tax. Employees' profit sharing bonus and directors' remuneration for the years ended December 31, 2021 and 2020 were estimated as follows:

	For the Year Ended December 31			
	2021		2020	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees' profit sharing bonus	5%	$ 84,774	5%	$ 26,873
Directors' remuneration	2%	33,909	2%	10,749

If there is a change in the amounts after the annual parent company only financial statements were authorized for issuance, the differences will be recorded as a change in the accounting estimate in the following year.

There is no difference between the actual amounts of employees' profit sharing bonus and directors' remuneration paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2020 and 2019.

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

22. INCOME TAXES

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

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 299,216	$ 42,598
Adjustment for prior years	(643)	(6,121)
	298,573	36,477
Deferred tax		
In respect of the current year	18,185	39,795
Income tax expense recognized in profit or loss	$ 316,758	$ 76,272

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

	For the Year Ended December 31	
	2021	2020
Income tax expense calculated at the statutory rate	$ 315,362	$ 99,968
Nondeductible expenses in determining taxable income	6,326	1,475
Benefits not counted in tax	(4,287)	(19,050)
Income tax adjustments on prior years	(643)	(6,121)
Income tax expense recognized in profit or loss	$ 316,758	$ 76,272

b. Deferred tax assets and liabilities

	For the Year Ended December 31, 2021			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred tax assets				
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	$ 58,914	$ -	$ 194,202	$ 253,116
Unrealized valuation gain (loss) on financial assets at FVTOCI	-	-	73,760	73,760
Unrecognized gross profit of declared exports	-	21,292	-	21,292
Defined benefit obligations	15,862	(920)	(614)	14,328
Unrealized loss on inventories	2,880	10,580	-	13,460
Payables for annual leave	4,629	140	-	4,769
Others	1,486	(1,486)	-	-
	$ 83,771	$ 29,606	$ 267,348	$ 380,725

	For the Year Ended December 31, 2021			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred tax liabilities				
Temporary differences				
Unappropriated earnings of subsidiaries	$ 11,648	$ 47,763	$ -	$ 59,411
Allowance for impairment loss on trade receivables	1,724	-	-	1,724
Others	890	28	-	918
	$ 14,262	$ 47,791	$ -	$ 62,053

	For the Year Ended December 31, 2020			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred tax assets				
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	$ 15,444	$ -	$ 43,470	$ 58,914
Defined benefit obligations	16,292	(844)	414	15,862
Payables for annual leave	4,420	209	-	4,629
Unrealized loss on inventories	29,180	(26,300)	-	2,880
Others	6,374	(4,888)	-	1,486
	$ 71,710	$ (31,823)	$ 43,884	$ 83,771
Deferred tax liabilities				
Temporary differences				
Unappropriated earnings of subsidiaries	$ 3,228	$ 8,420	$ -	$ 11,648
Allowance for impairment loss on trade receivables	2,172	(448)	-	1,724
Others	890	-	-	890
	$ 6,290	$ 7,972	$ -	$ 14,262

c. Income tax assessments

The tax returns through 2019 of the Company have been assessed by the tax authorities.

23. EARNINGS PER SHARE

	Net Profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Share (NT$)
For the Year Ended December 31, 2021			
Basic earnings per share			
Net income for the year attributable to owners of the Company	$ 1,260,047	440,544	$2.86
Effect of potentially dilutive ordinary shares:			
Employees' profit sharing bonus	-	2,860	
Convertible bonds	6,611	32,192	
Diluted earnings per share			
Net income for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 1,266,658	475,596	$2.66
For the Year Ended December 31, 2020			
Basic earnings per share			
Net income for the year attributable to owners of the Company	$ 423,567	407,460	$1.04
Effect of potentially dilutive ordinary shares:			
Employees' profit sharing bonus	-	1,401	
Convertible bonds	48	38,461	
Diluted earnings per share			
Net income for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 423,615	447,322	$0.95

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

24. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the amount of cash paid for the acquisition of property, plant and equipment during the years ended December 31, 2021 and 2020, respectively, was as follow:

	For the Year Ended December 31	
	2021	2020
Purchase of property, plant and equipment	$ 206,340	$ 187,772
Net changes in payables for acquisition of equipment	1,217	28,985
Payments for property, plant and equipment	$ 207,557	$ 216,757

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2021

			Non-cash Changes			
	Opening Balance	Cash Flows	Exercise of Conversion Option	Discount Amortization	Interest Amortization	Closing Balance
Short-term borrowings	$ 1,496,550	$ 3,992,630	$ -	$ -	$ -	$ 5,489,180
Bonds payable	954,978	-	(187,466)	8,263	-	775,775
Long-term borrowings (including current portion)	675,000	225,000	-	-	-	900,000
Guarantee deposits received	43,140	(12,510)	-	-	-	30,630
Lease liabilities	6,592	(3,532)	-	-	46	3,106
	$ 3,176,260	$ 4,201,588	$ (187,466)	$ 8,263	$ 46	$ 7,198,691

For the year ended December 31, 2020

			Non-cash Changes				
	Opening Balance	Cash Flows	Exercise of Conversion Option	Discount Amortization	New Lease	Interest Amortization	Closing Balance
Short-term borrowings	$ 2,958,788	$(1,462,238)	$ -	$ -	$ -	$ -	$ 1,496,550
Bonds payable	-	998,000	(43,413)	391	-	-	954,978
Long-term borrowings (including current portion)	800,000	(125,000)	-	-	-	-	675,000
Guarantee deposits received	16,760	26,380	-	-	-	-	43,140
Lease liabilities	761	(1,648)	-	-	7,437	42	6,592
	$ 3,776,309	$ (564,506)	$ (43,413)	$ 391	$ 7,437	$ 42	$ 3,176,260

25. CAPITAL MANAGEMENT

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

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

The Company is not subject to any externally imposed capital requirements.

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

26. FINANCIAL INSTRUMENTS

a. Fair value

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

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

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

a) Fair Value Hierarchy

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

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Financial assets at FVTPL				
Listed shares	$ 267,852	$ -	$ -	$ 267,852
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic and foreign unlisted shares	2,163,839	-	164,311	2,328,150
Investments in debt instruments				
Trade receivables	-	-	48,380	48,380
	$ 2,431,691	$ -	$ 212,691	$ 2,644,382
Financial liabilities at FVTPL				
Derivatives	$ -	$ -	$ 966	$ 966
December 31, 2020				
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic and foreign unlisted shares	$ 1,865,615	$ -	$ 258,744	$ 2,124,359
Investments In debt instruments				
Trade receivables	-	-	103,970	103,970
	$ 1,865,615	$ -	$ 362,714	$ 2,228,329
Financial liabilities at FVTPL				
Derivatives	$ -	$ -	$ 1,500	$ 1,500

There were no transfers between Levels 1 and 2 in the current and prior year.

In 2020, the Company transferred $1,865,615 thousand from Level 3 to Level 1 as its investee company is listed on the emerging stock board of the Taipei Exchange and thus assessed as being traded in an active market.

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

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTOCI		
	Equity Instruments	Debt Instruments	Total
Balance at January 1, 2021	$ 258,744	$ 103,970	$ 362,714
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	(94,433)	-	(94,433)
Net increase in trade receivables	-	376,845	376,845
Factored trade receivables to banks without recourse	-	(432,435)	(432,435)
Balance at December 31, 2021	$ 164,311	$ 48,380	$ 212,691

For the year ended December 31, 2020

Financial Assets	Financial Assets at FVTOCI		
	Equity Instruments	Debt Instruments	Total
Balance at January 1, 2020	$ 380,723	$ 108,647	$ 489,370
Purchase	90,675	-	90,675
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	(212,654)	-	(212,654)
Net increase in trade receivables	-	187,683	187,683
Trade receivables factoring	-	(192,360)	(192,360)
Balance at December 31, 2020	$ 258,744	$ 103,970	$ 362,714

Financial Liabilities at FVTPL	For the Year Ended December 31	
	2021	2020
Derivatives		
Balance at January 1	$ 1,500	$ -
Addition	-	1,500
Recognized in profit or loss (included in other gains and losses)	(534)	-
Balance at December 31	$ 966	$ 1,500

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

Financial Instrument	Valuation Technique and Inputs
Foreign unlisted shares in equity instruments	Discounted cash flow: Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the reporting period. Market approach: In the market approach, the selling price of comparable companies was used to estimate the fair value of the target asset through comparison, analysis and adjustments.
Factored trade receivables	As the effect of discounting is not significant, the fair value is measured based on the original invoice amount.
Financial liabilities at FVTPL	The binomial tree evaluation model of convertible bonds: Consideration of the duration, the share price and volatility of the convertible bond object, conversion price, risk-free interest rate, discount rate, liquidity risk of the convertible bonds and other factors

b. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 267,582	$ -
Financial assets at amortized cost	2,388,136	1,652,449
Financial assets at FVTOCI		
Equity instruments	2,328,150	2,124,359
Trade receivables	48,380	103,970
Financial liabilities		
Amortized cost	8,445,780	3,621,798
FVTPL		
Derivatives	966	1,500

The balances include financial assets at amortized cost, which comprise cash, notes receivable, trade receivables, other receivables, pledged time deposits and refundable deposits.

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

c. Financial risk management objectives and policies

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

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

The finance department reports quarterly to the Company's management, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

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

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

a) Foreign currency risk

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

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

<u>Sensitivity analysis</u>

The Company is mainly exposed to the USD.

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

	USD Impact	
	For the Year Ended December 31	
	2021	2020
Profit or loss	$ 11,361	$ 9,842

The Company's sensitivity to foreign currency increased during the current year mainly due to the increase in USD bank deposits and trade receivables.

b) Interest rate risk

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

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

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	$ 2,985	$ 2,985
Financial liabilities	778,881	961,570
Cash flow interest rate risk		
Financial assets	713,105	478,599
Financial liabilities	6,389,180	2,171,550

Sensitivity analysis

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

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Company's income before income tax for the years ended December 31, 2021 and 2020 would have decreased/increased by $5,676 thousand and $1,693 thousand, respectively.

The Company's sensitivity to interest rates increased during the current year mainly due to the increase in financial liabilities with cash flow interest rate risk.

c) Other price risk

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

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 1% higher or lower, pre-tax profit for the year ended December 31, 2021 would have changed by $2,679 thousand; there was no effect since the Company did not hold the financial assets at FVTPL for the year ended December 31, 2020.

2) Credit risk

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

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

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

3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the amount of unused financing facilities was as follows:

	December 31	
	2021	**2020**
Amount unused	$ 11,874,500	$ 13,915,290

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

As the Company has sufficient operating capital, there is no liquidity risk as a result of the inability to raise funds to satisfy performance obligations.

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

	Less than 1 Year	More than 1 Year	Total
December 31, 2021			
Non-interest bearing liabilities	$ 1,768,398	$ -	$ 1,768,398
Lease liabilities	2,308	823	3,131
Floating interest rate liabilities	5,608,823	780,357	6,389,180
	$ 7,379,529	$ 781,180	$ 8,160,709
December 31, 2020			
Non-interest bearing liabilities	$ 742,495	$ -	$ 742,495
Lease liabilities	3,531	3,131	6,662
Floating interest rate liabilities	1,584,050	587,500	2,171,550
	$ 2,330,076	$ 590,631	$ 2,920,707

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	More than 20 Years
December 31, 2021						
Lease liabilities	$ 2,308	$ 823	$ -	$ -	$ -	$ -
December 31, 2020						
Lease liabilities	$ 3,531	$ 3,131	$ -	$ -	$ -	$ -

d. Transfers of financial assets

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

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received Unused	Advances Received Used	Annual Interest Rates on Advances Received (Used)
December 31, 2021					
Fubon bank	$ 737,877	$ 206,800	$ 98,130	$ 531,077	2M TAFIX3 +0.25%
	(USD 26,657)	(USD 7,471)	(USD 3,545)	(USD 19,186)	
December 31, 2020					
Fubon bank	$ 338,380	$ 218,354	$ 170,451	$ 120,026	2M TAFIX3 +0.25%
	(USD 11,881)	(USD 7,667)	(USD 5,985)	(USD 4,214)	

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

27. TRANSACTIONS WITH RELATED PARTIES

a. Categories of related parties

Related Party	Relationship with the Company
Chi Mao Company	Subsidiary
Tai Chyang Investment Co., Ltd.	Other Related Party
Chin Ying Fa Mechanical Ind. Co., Ltd.	Other Related Party

b. Sales of goods

	For the Year Ended December 31	
	2021	2020
Other related parties	$ 3,820	$ 4,282

c. Receivables from related parties

		December 31	
Line Item	Related Party Category	2021	2020
Notes receivable	Other Related Parties	$ 238	$ -
Trade receivables	Other Related Parties	1,252	712
		$ 1,490	$ 712

d. Other income

	For the Year Ended December 31	
	2021	2020
Subsidiaries	$ 66	$ 66
Other related parties	30	30
	$ 96	$ 96

e. Remuneration of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	$ 86,471	$ 45,819
Post-employment benefits	491	509
	$ 86,962	$ 46,328

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2021	2020
Pledged time deposits (classified as other current assets)	$ 2,985	$ 2,985

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencies and unrecognized commitments of the Company as of December 31, 2021 and 2020 were as follows:

a. As of December 31, 2021 and 2020, unused letters of credit for purchases of raw materials amounted to $879,998 thousand and $436,516 thousand, respectively.

b. As of December 31, 2021 and 2020, unpaid contracts for purchases of raw materials and equipment amounted to $1,998,898 thousand and $221,855 thousand, respectively.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	December 31					
	2021			2020		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
Monetary items						
Financial assets						
USD	$ 41,044	27.68	$ 1,136,088	$ 34,558	28.48	$ 984,213
Non-monetary items						
Investments accounted for using the equity method						
TRY	808,551	2.076	1,678,553	372,964	3.8363	1,430,801

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

	For the Year Ended December 31			
	2021		2020	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	28.01 (USD:NTD)	$ (10,019)	29.55 (USD:NTD)	$ (66,333)

31. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

1) Financing provided to others (None)

2) Endorsements/guarantees provided (Table 1)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (Table 3)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

9) Trading in derivative instruments (None)

10) Information on investees (Table 4)

b. Information on investments in mainland China (None)

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

YC INOX CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and Foreign Currency)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	The Company	YC INOX TR Company	Subsidiary	$ 1,880,413	$ 276,800 (USD 10,000)	$ 276,800 (USD 10,000)	$ -	$ -	3	$ 3,760,826	Y	-	-	-

Note 1: 0 represents the parent company.

Note 2: The endorsement/guarantee limit for each entity and aggregate endorsement/guarantee limit are 20% and 40%, respectively, of the net assets of the Company.

Note 3: Figures in foreign currency in the table above were converted into New Taiwan Dollars at the exchange rate on the balance sheet date.

YC INOX CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and Shares)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021			
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Company	Ordinary Shares						
	Ta Chen Stainless Pipe Co., Ltd	None	Financial assets at FVTPL - current	5,791	$ 267,852	0.30	$ 267,852
	AltruBio Inc.	None	Financial assets at FVTOCI - non-current	11,051	57,688	9.33	57,688
	Gongwin Biopharm Holdings Co., Ltd.	None	Financial assets at FVTOCI - non-current	7,720	2,163,839	7.03	2,163,839
	Preference Shares						
	AltruBio Inc. - Series A-2	None	Financial assets at FVTOCI - non-current	20,426	106,623	23.00	106,623
Chi Mao Company	Ordinary Shares						
	AltruBio Inc.	None	Financial assets at FVTOCI - non-current	560	2,923	0.47	2,923
	Gongwin Biopharm Holdings Co., Ltd.	None	Financial assets at FVTOCI - non-current	900	252,261	0.82	252,261
	Preference Shares						
	AltruBio Inc. - Series A-1	None	Financial assets at FVTOCI - non-current	15,915	83,077	4.74	83,077

YC INOX CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note 2)		Acquisition (Note 3)		As of December 31, 2021				Ending Balance (Note 2)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
The Company	Ordinary shares (Note 1)	Investment accounted for using the equity method	YC INOX TR Company	Subsidiary	360	$ 1,430,801	360	$ 979,951	-	$ -	$ -	$ -	720	$ 1,678,553

Note 1: YC INOX TR Company’s ordinary shares have a par value of TRY1,000 thousand.

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

Note 3: Refer to Note 11.

TABLE 4

YC INOX CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount		
The Company	Chi Mao Company	Xizhou Township, Changhua County, Taiwan	Investment	$ 100,120	$ 100,120	10,000,000	100	$ 272,532	$ (968)	$ (968)
	YC INOX TR Company	Turkey	Manufacturing and distribution of stainless steel tubes/pipes and sheets/coils	2,647,080	1,667,129	720	100	1,678,553	238,812	238,812

TABLE 5

YC INOX CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares Held	Percentage of Ownership
Tai Chyang Investment Co. Ltd.	59,909,508	13.47%
Shun Chyang Investment Co. Ltd.	25,317,298	5.69%

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

YC INOX CO., LTD.

Chairman: Chang, Chin-Yu

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