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燁興企業股份有限公司
YIEH HSING ENTERPRISE CO., LTD.

ANNUAL REPORT 2020

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Company website: <http://www.yheco.com.tw>

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VI. Overseas Trading Places for Listed Marketable Securities and Ways of Making Inquiries:

Listing location: none

Ways for inquiries: none

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Chapter 1 Letter to Shareholders

Dear Shareholders:

2020 Business Report

I. 2020 Business Results:

1. 2020 Review of Market Overview

(1) Rise and fall of 2020 stainless steel wire rods market

The year 2020 was the first year of ban on mines in Indonesia, the focus of the market was originally put on the variation brought from ban on mines; however, the unexpected epidemic of COVID 19 interrupted original operating logic of nickel. The first quarter suffered from the infliction caused by the influence of the epidemic, the average price of spot nickel was US\$12,723 per ton, commodities were affected one after another. The average price of spot nickel of the second quarter was US\$12,215 per ton, the epidemic situation was gradually getting better in the end of the quarter, various countries chose to stimulate economics one after another, the market direction change was expected as economics recovery. In this background, the average price of spot nickel achieved US\$14,208 per ton in the beginning of the third quarter, under the boost of downstream consumption, the nickel price broke away from the weak posture. The average price of spot nickel achieved US\$15,920 per ton in the beginning of the fourth quarter, rising to a high position of more than one year. Comprehensively surveying all year around, the nickel price declined first and the rose, the growth of the lowest and highest section was 30.33%. The demand of stainless steel rose and fell, the global economics suffered from the impact in the early stage the epidemic, the consumption of stainless steel was encumbered, and the price of stainless steel has hit bottom, innovated the low position of the second half of the year. In post-epidemic era, China took the lead in resuming work and production, constantly released economic stimulus policies in the meanwhile, and boosted the market demand; however, according to the concept of gold September, silver October, the anticipation of the peak season demand came to nothing, but the lower inventory still provide a certain degree of support for the price, from early September to end of November, the production and demand of stainless steel simultaneously stepped into shrinking trend, the trend and band of the price was noticeable, and the rise section enlarged. In December, the downstream demand and consumption of stainless steel performed better, the eco power rationing policy influenced the yield of stainless in some areas, under the situation of the tight supply of the spot market, the price of stainless steel rebounded slightly, formed a boost of stainless steel, the nickel price was supported by that.

(2) Recovery of carbon steel wire rods in the end of year 2020

All walks of life around the world encountered an enormous challenge under the influence of the epidemic in 2020, domestic and overseas prices from January to March substantially decreased. The overseas epidemic broke out from April, major auto factories and home appliance enterprise appeared the situation of a large scope of stoppage. The demand abroad substantially decreased from April to July. Starting in September, due to the strong emotion of resuming work and production, the demand started to recover and scraped steel and iron mine increased at the same time to impel the overseas price of billet steel started to increased constantly. As the epidemic is well controlled in China, the strong domestic demand and a large amount of purchase made a support for the price of semi-finished products. Manufacturing of China rapidly resumed work and production in October, the clearing speed of the total inventory accelerated, and furthermore, it started to reconstruct in some areas after the flood, the steel demand steadily grew, the offered price of carbon steel upstream factories of October and the fourth quarter pulled back. The material market, such as coal iron mines and scraped steel, was soaring, various countries revitalized the economy, the market outlook was getting better. The domestic demand of wire rods was strong, the orders of downstream screw industry continuously appeared, this strong market demand continued to the first quarter of the year 2021.

(3) Strengthen domestic market of stainless steel and carbon steel wire rods

In the year 2020, except Act 232 of USA has constantly influenced, the export volume in various countries adopted quota control constantly restricted by the overseas market and defensive measures of European Union, and the epidemic of COVID-19 spread, the market conditions of the first half of the year was depressed, domestic orders held steady in the epidemic of the second half of the year, the export demand did not significantly recovered, the whole entity was still depressed, the operations still declined, compared with the last year. The sales of stainless steel wire rods decreased by 2,235 tons, the sales amount decreased by NT\$629,188 thousand, compared with the last year 2019. The Company encountered this severe market challenge and the uncertainty, on one hand, except put a lot of effort to consolidate the supply of stainless steel wire rods of domestic sales, on the other hand, strived to expand the current demand market of carbon steel wire rods.

(4) 2020 business overview

The Company's individual revenue presented a decline trend, the annual revenue was NT\$5.59 billion, decreased by NT\$950 million, compared with the revenue of the last year of NT\$6.54 billion. The net loss before tax of the year 2020 was NT\$466 million, the loss slightly decreased, compared with the net loss before tax of the year 2019 of NT\$ 627 million. The revenue of the year 2020 decreased, compared with the year 2019, mainly influenced by the epidemic of COVID-19, the demand of the international market decreased, the export sales volume of stainless steel decreased by 15%, the revenue decreased by 22%, and OEM yield decreased by 53%, caused the decreases of the revenue of the year 2020. As the yield decreased, the increase of the production costs followed, and the decrease of the demand side resulted in the market competition, caused the difficulty of creating the price difference for the Company, the gross margin was - 2.92%. Now the Company retains the current market with all the strength, strives to expand high-value products, and improves the production process, enhances the administrative operations, controls the production costs for expecting the Company can create better profit conditions, and stand out in a new trend of the market competition.

2. 2020 Review of the Company's operating status

The Company's practice results of operating plans, implementation of the budgets, financial income and expenditure, profitability analysis and research and development status are as follows:

(1) 2020 the Company's practice results of operating plans

Individual financial statements

Unit: NTD 1,000

Item \ Year	2020	2019	Increasing/decreasing amount	Variation (%)
Operating revenue	5,589,791	6,535,275	(945,484)	(14.47)
Operating costs	5,753,100	6,787,922	(1,034,822)	(15.25)
Operating margin (gross loss)	(163,309)	(252,647)	89,338	35.36
Operating expenses	158,529	196,644	(38,115)	(19.38)
Operating net profit (net loss)	(321,838)	(449,291)	127,453	28.37
Non-operating income and expenses	(144,637)	(178,182)	33,545	18.83
Net profit (net loss) before tax	(466,475)	(627,473)	160,998	25.66
Tax expense	3,615	14,714	(11,099)	(75.43)
Net profit (net loss) after tax	(470,090)	(642,187)	172,097	26.80

Consolidated financial statements

Unit: NTD 1,000

Item \ Year	2020	2019	Increasing/decreasing amount	Variation (%)
Operating revenue	5,589,791	6,552,804	(963,013)	(14.70)
Operating costs	5,753,100	6,787,922	(1,034,822)	(15.25)
Operating margin (gross loss)	(163,309)	(235,118)	71,809	30.54
Operating expenses	190,304	242,562	(52,258)	(21.54)
Operating net profit (net loss)	(353,613)	(477,680)	124,067	25.97
Non-operating income and expenses	(127,532)	(158,082)	30,550	19.33
Net profit (net loss) before tax	(481,145)	(635,762)	154,617	24.32
Tax expense	3,615	17,207	(13,592)	(78.99)

Net profit (net loss) after tax	(484,760)	(652,969)	168,209	25.76
Other comprehensive income, net of tax	1,348	18,750	(17,402)	(92.81)
Total comprehensive income	(483,412)	(634,219)	150,807	23.78
Net income attributable to stockholders of the parent	(470,090)	(642,187)	172,097	26.80
Net income attributable to non-controlling interests	(14,670)	(10,782)	(3,888)	(36.06)
Total comprehensive income attributable to stockholders of the parent	(468,742)	(623,437)	154,695	24.81
Total comprehensive income attributable to non-controlling interests	(14,670)	(10,782)	(3,888)	(36.06)

(2) 2020 Implementation of the budgets:

The Company's undisclosed financial forecasting of the year 2020 was not applicable to the undisclosed implementation of the budgets.

(3) Profitability analysis and research and development status:

Individual financial statements

Item	2020	2019
Net cash flow from operating activities (NTD 1,000)	(208,009)	(41,056)
Equities/assets (%)	57.38	30.34
Liabilities/assets (%)	42.62	69.66
Long term capital to property, plant and equipment ratio (%)	196.60	121.11
Current ratio (%)	83.88	93.45
Quick ratio (%)	32.23	29.51
Return on assets (%)	(3.32)	(5.70)
Return on equity (%)	(9.25)	(21.12)
Net profit ratio (%)	(8.41)	(9.83)
Earnings per share (NTD)	(0.89)	(1.21)
Number of shares in end of the year (1,000 shares)	530,652	530,652

Consolidated financial statements

Item	2020	2019
Net cash flow from operating activities (NTD 1,000)	(332,199)	(224,007)
Equities/assets (%)	57.38	27.03
Liabilities/assets (%)	42.62	72.97
Long term capital to property, plant and equipment ratio (%)	196.60	108.30
Current ratio (%)	83.88	107.75
Quick ratio (%)	32.23	39.04

Return on assets (%)	(2.08)	(2.49)
Return on equity (%)	(9.54)	(21.48)
Net profit ratio (%)	(8.67)	(9.96)
Earnings per share (NTD)	(0.89)	(1.21)
Number of shares in end of the year (1,000 shares)	530,652	530,652

(4) Research and development status

The Company was convinced that research and development is the vital lifeline of the industry, the Company's research and development plan upholds the development of the business concept as follows:

Innovation	Introduced new technologies, researched new production process, developed new products, innovated operation and management, cooperatively promoted overall industry upgrade.
Growth	Constantly invested, increased enterprise vitality, improved the items and the quality of products and services to make the Company, employees and customers synchronously grow.
Responsibility	Strived to operate, protect investor's equities. Did well environmental protection, and conserved social resources. Conscientiously took responsibilities, and gave back the society.
Sustainability	Cultivated excellent talents for cooperative management, rooted in Taiwan, expanded international perspectives, and constantly the development of sustainability.

The Company has continuously proceeded research and development new products to enhance innovative thinking, connected new thinking to expand new models, sought to improve the quality of products and operations for enhancing the management and improving services, and created more values for the Company and customers.

II. 2021 Business Plan

1. Constantly decreased the costs of carbon steel materials to expand the material resources of billet steel

The Company has constantly expanded other usable material resources of billet steel to decrease the costs of the raw materials and shorten the time course of delivery, and increased the order quantity of downstream customers to remain steady the full capacity of product lines. As COVID-19 vaccine gradually popularized, the supply and demand of global industries progressively restored order, various countries promoted infrastructure and public transportation, etc. to boost economics. American new president Biden has actively promoted the stimulus program of US\$1.9 trillion, the follow-up measures of the epidemic prevention restrictions will be deregulated, and anticipated to boost business recovery. These processes will be contributive for the development of steel industry, and consequently the market atmosphere of the first quarter of the year 2021 was anticipated to get better. As the epidemic retained stable and the economy recovered, the overall demand stabilized. Under the anticipation of rebound and strengthening of the demand of the second quarter, price increase energy still existed, and hopefully increased by quarters, anticipated to develop toward to a fast growth.

2. Actively expanded channels of stainless steel wire rods, enlarged the market share

The domestic consumption of stainless steel wire rods of the year 2020 was 202 thousand tons, the percentage of the Company's domestic sales slightly shrunk to 23.09%, compared with the year 2019 of 23.59%; the percentage of the export shipment shrunk to 8.90%, compared with the year 2019 of 10.87%. In stainless steel market of the year 2021, the steel industry of the present stage still encountered high tariff barriers of American Section 232 and the defensive measures of European total number restrictions, in addition, the coronavirus disrupted world economic order, caused the fierce competition, and the overall market demand weakened. Recently drove by the profitable news of COVID-19 vaccine trial, the commodity price of petroleum and basic metal, etc. has strongly rebounded from October of the last year. As the epidemic was stable and the economy recovered, the demand increased and became stronger, the stainless steel market prospect was optimistically expected. Except constantly developed European and American markets of high-end stainless steel wire rods, and besides, the Company transferred the objects of sales and services to South East Asia, controlled customers' demand pulsation, provided overall services of excellent quality, reasonable prices and prompt delivery time, cooperated with customers to expand the market, and actively expanded sales of the Company's stainless steel wire rods.

3. Constantly strengthened research and development and sales

In view of the succeeding case of project research and development of high-end stainless steel type completed in 2015, it opened the integrated resources and co-development energy between the Company and downstream customers, the Company anticipated to duplicate this success experience, expanded other markets and customers through the Company's steel composition, adjustment of production process, cooperated with customers' paces, co-developed markets, and strived for the order opportunity. In addition, the Company cooperated with upstream raw material suppliers in the development of similar new steel types, except added the steel type combinations of 304J3A and 304M5, and developed a new dimension 5.0 mm and new steel types of 2205/303CU/430L, the Company added free-cutting

wire rods AISI 303 in 2019, and completed to develop new steel type 410 in 2020, original expected development of new steel type YCS550 was postponed as the epidemic. The Company continued to develop new steel type for providing customers various options, and stabilizing the market.

4. Energy conservation, proceeded the project of decreasing costs

Energy is the major cost of steel industry's consumption, the Company has actively cooperated to invest in research and the innovation of manpower, in the aspects from the improvement of production process to product development, made efforts to achieve the goal of energy saving and carbon reduction, decrease resource consumption and production costs, and increase the competitiveness at the same time. Many items of energy saving, the improvement of production process and measures has been constantly practiced from 2017, the Company will cooperate with the government's energy policy, strive for the development of energy saving process, decrease of energy consumption and carbon emission, create the enterprise value, and increase industrial competitiveness.

5. 2021 expected sales volume

In 2021, the Company has planned for selling stainless steel and non- stainless steel wire rods, the total sales will be 170 thousand tons, the total sales of OEM of carbon steel wire rods will be 110 thousand tons. In terms of the overall in 2021, stainless steel will be used a lot in the scopes of architecture, transport, kitchen, home appliances and industrial machinery in the future, especially long-life, energy saving, environmental protection and informatization materials are emphasized recently, and consequently the Company expected that stainless steel products will be developed toward the trends as follow: (1) In the aspect of environmental protection, used the stainless steel with heat resistant and high-temperature corrosive resistant functions. This stainless steel will be further practical in the scope of electric vehicles, automotive battery will adopt more stainless steel. In the usage of water resources, observed from the point of view of water quality protection, water pipes and the devices of water treatment will adopt excellent corrosion resistant stainless steel pipes. (2) In the aspect of long-life, various countries in Europe and America will further adopt stainless steel and stainless steel bars in the infrastructure, such as bridge, highway and rail, etc. in accordance with the evaluation methods of LCC (ratio of life and price). The past design life was 20-30 years, and now it increases to 100 years, and therefore more stainless steel products will be adopted. (3) In the aspect of informatization, there's a demand of materials with high precision and high performance, like the equipment manufacturing semiconductor and various integrated circuit boards. As stainless steel has the character of cleaning and durability, henceforth the estimation of the demand quantity will be further enlarged.

In the part of stainless steel wire rods, to confront the demand in the future, and increase competitive capacity, except the Company actively seeks for raw material suppliers, decreases production costs, and constantly provides the competitive prices to customers, the Company should strive to develop and produce high-end products, continuously promote the high-end equipment, enhance the production technology to create the Company's maximum benefits.

III. The Company's future development strategies, external competitive environment, regulatory environment and the influence of overall business environment

1. The Company's future development strategies

The Company excepted to retain current American and Mainland markets, will actively expand European and South East Asian markets. In addition, the Company will transform into high-niche stainless steel products, provide for customers with high-end demand, and strive to decrease costs for stabilizing the general market, and serving the current customers. The Company constantly develops new stainless steel type with high machinability to expand the markets, and remove the threat of low-price competition. We continuously export products with high added value to the markets, and integrate with upstream steel mills, constantly expand overseas billet steel resources to optimize the raw material supply, and provide customized products and services, expand the operation of different customer groups, seek for the Company's best cost combinations and comprehensive operational performance. The Company's products have been marketed for many years, the quality and services are deeply affirmed by customers, and the Company continuously drives Japanese lean management (TPM) to increase production performance continually, further strengthens the market competitiveness. YIEH HSING ENTERPRISE CO., LTD. promoted 5S activities during 2011-2013, Introduced TPM activities in 2014, and challenged the TPM Excellence Award in 2019 . Promoting 5S and TPM activities has brought the great improvement effects for the Company. The yield and the gross margin significantly increased, and the malfunction and disasters substantially decreased. YIEH HSING ENTERPRISE CO., LTD. gained the affirmation on January 28, 2020, and received the excellence award. The Company implements the second phase of TPM now, centers on the personnel, gradually becomes the enterprise paying equal attention to manufacturing industry and service industry in the future, and aims to improve the quality, enhance the management, innovate products and sustainable operation.

2. The influence of overall business environment

From the fourth quarter of the year 2020, in the aspect of the worldwide international trade, due to the spread of the epidemic of COVID-19 in Europe and America, many containers are congested at the port, it caused the situations of lacking containers and shipping spaces, and the soaring of international shipping fee, the delay of the ships' setting sail and arrival frequently appears, it is unfavorable to the international trade, the Company utilizes the methods of estimating the shipping fee with experiences, and contacting many shipping agents, etc. to decrease the risk of business

loss. The world tariff barriers, like American Section 232 and Safeguard measures of European Union, are still implemented constantly, as Taiwan lesser signed FTA with various countries, the foreign trade competitiveness gradually decreased, except confronted that international low-priced imported products influenced the domestic market, the export market often encounters the price cutting competition made by local steel mills for stabilizing the market share, the firms need the assistance of the government to obtain the tariff preference, and breath through the restriction of import shares. Encountered a severe ordeal of the international situation, external environment changed, how to decrease relevant costs of the supply chain, and the product difference, increased product's added value, stabilized the sales channel, and retained the customer relationship, these are the key of sustaining the competitive advantages. The Company will adopt the segmentation countermeasure, use the stainless steel wire rods with the excellent quality and the prompt delivery to compete in the international market, its quality, delivery, price and service all obtain the stable support of domestic and foreign customers. To enhance the competitiveness in the Asian-Pacific region, the Company will strengthen research and development and improvement of premium products, serve customers with the optimized quality, and expand the markets.

3. The influence of regulatory and overall business environment

(1) Seeing that the iron industry is classified under resource-intensive industries, and influenced by the rise of global environmental awareness, how to effectively decrease the impact of the environment when the industry develops, it seems to become the consideration factor of sustainable operation and development policies of YIEH HSING ENTERPRISE CO., LTD. When the environment and regulations change, enterprise operation is intensively impacted by energy consumption, gas emission and water consumption, the Company realizes that, and consequently, drives the motivation of energy saving and the replacement of the low-carbon fuel in the industry, uses low carbon emission fuel, like natural gas, to substitute for high carbon emission fuel, after strived for production stabilization for many years, we immediately undertake to implement various contingency works. Included various items, such as energy saving and carbon reduction, the increase of energy efficiency, water recycling, overtime control and management and reasonable scheduling, etc., and established energy saving system, continued to actively reduce power or energy consumption, decrease the pollution sources of air and noise, efficiently increase water recycling, implement water saving, and take the responsibility of resource conservation.

(2) After Taiwan joined WTO, the import tariff of steel products decreased to 0%, became one of global most free and open markets, caused that China, Japan, Korea, Indonesia, Malaysia and other countries constantly dump excess steel to Taiwan with the unfair ultra-low price. Especially, the steel of Mainland enjoys high export tax rebate subsidies, massively dumps to various countries, it already caused that various countries around the world adopted the protection measures of anti-dumping, anti-subsidy and import defense on and another to obstruct the steel import of Mainland, force the steel of Mainland to turn dumping massively to Taiwan with the low price. After negotiated the product trade of ECFA, China still protects domestic steel industry to continually have the import tariff of 3%-10%, so under the difference of import tariff on both sides, it forms the unfair trade competitive environment.

Except the difference of import tariff on both sides, there are still other differences of regulations on both sides, such as temporary implementation of the export tariff, import approval verification and restricts, ban on import and other conditions. Therefore, we still strong appeal the government to face the current status of steel industry's excess of Mainland, if China cannot effectively control the harm of the environment caused by production excess of steel industry, the harm of smog will definitely cause a severe public nuisance of Taiwan in few years, so in the negotiation process of ECFA, it must consult that currently various countries of South East Asia already strengthened the measures of controlling the steel product import of Mainland, and Taiwan must not become the unfortified island of the steel product import of Mainland.

(3) The Association of Southeast Asian Nations, Japan, Korea, Australia and New Zealand signed RCEP on November 15, 2020, whether Taiwan's regional economic competitiveness was marginalized or not. Taiwan continually encounters the international competitions, needs to strive for more cooperation, like strengthen the deepening cooperation with America, and makes efforts to seek for joining CPTPP. After signed RCEP, the great influence will be two new establishing FTA relationships of China and Japan, Japan and Korea, as it will increase the competitive stress of Taiwan's products in China, Japan and Korea. The Company will actively program response plans, and properly plans for diversified layouts and expanding sales.

Chairman: Wu, Lin-Maw

Managerial Officer: Chen Sen-Long

Accounting supervisor: Wang ,T.H.

Chapter 2 Company Profile

I. Date of Incorporation: July 18, 1978

II. Company History: (For the most recent year and as of the printing date of the annual report)

III. Reinvested Affiliated Companies: For details, please refer to the description of the consolidated business report of the related enterprise.

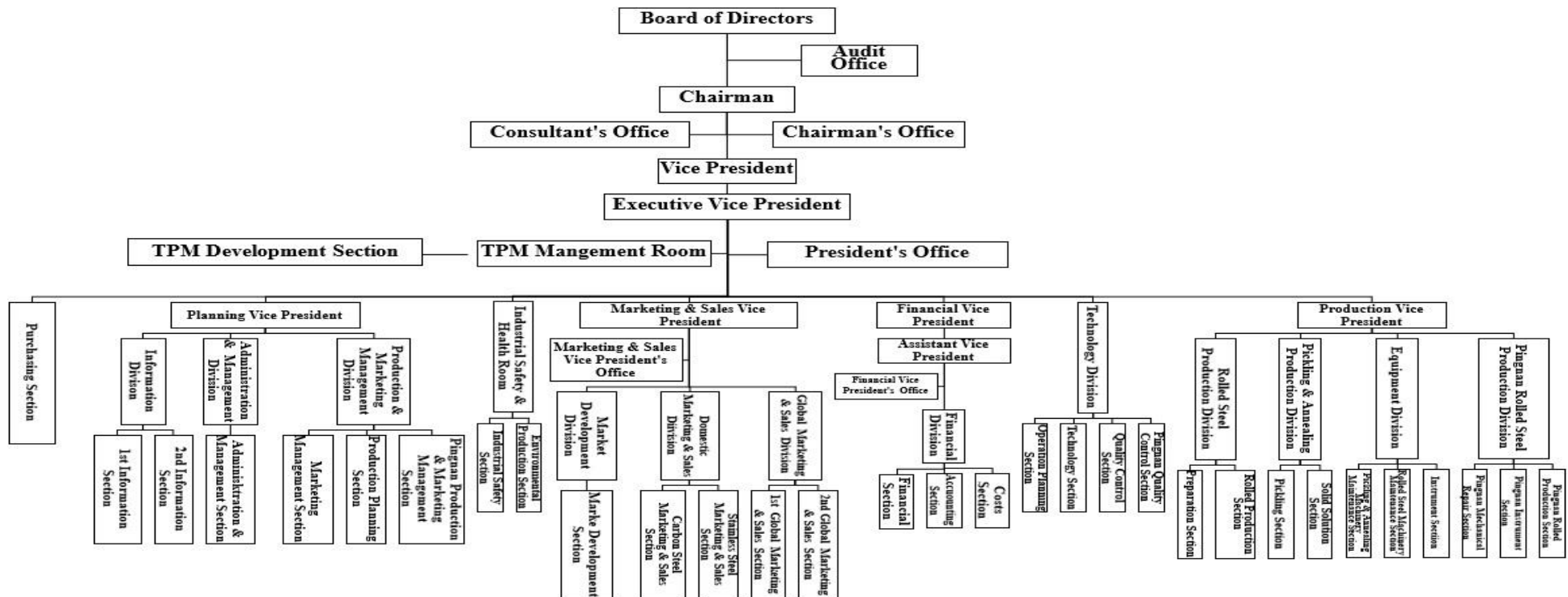
Month & Year	Records of Company History
July 1978	Invested NTD 6 m. for establishing Yieh Hsing Enterprise Co., Ltd. to engage in the manufacture and processing of the steel pipes at No. 297, Yuliao Rd., Ciaotou Township, Kaohsiung County, Taiwan
Sept. 1980	The 1 st -stage construction of works was completed and a variety of steel pipes and galvanized steel pipes were formally produced at an annual capacity of 120,000 MT.
March 1983	The construction of the cold rolling plant was finished and the cold rolling, pickling and braising equipment for one set each were purchased to start the production of the cold rolled steel plates.
October 1986	Merged Hua Yi Enterprise Co., Ltd. and set up the 2 nd steel pipe works to join the production.
Dec. 1987	The public offering was reissued.
May 1988	The machinery plant was established.
October 1988	The stock under public offering was officially listed.
March 1989	Became the first plant in the domestic steel industry which passed the JIS assessment.
Dec. 1991	The formal test run of the wire rod products of the 2 nd production Division succeeded.
July 1995	Became the first domestic ISO 9002 certified production factory of carbon steel pipe. The stainless steel wire rod pickling line, the spheroidizing annealing furnace and the carbon steel wire drawing joined the production line of the 2 nd production Division.
October 1998	The Pingnan Carbon Steel Wire Rod Works officially joined the operation line.
July 2001	In keeping with the reorganization plan, such works as the 2 nd steel pipe works, the cold rolling works, the stainless steel works and the Pingnan Works has stopped the production one by one since July 2001.
January 2003	Due to the business drop, the operation of the plants suspended, such as the 1 st steel pipe works, the cold rolling works and the shearing plant.
June 2003	The land and building of the administration building as well as the land, plant building, machinery and the annexed facilities of the 1 st steel pipe works, the 2 nd steel pipe works, the cold rolling works, the shearing works and the machinery works were all sold to Yieh Phui Enterprise Co., Ltd.
February 2007	The company carried out the capital reduction and the paid-in capital changed to be NTD3,811,800,410 after the capital reduction. Immediately after the capital reduction, the fund of NTD2,000,000,000 was raised by way of the cash private placement. After the capital increase, the paid-in capital was NTD7,320,572,340.
Nov. 2008	The fund of NTD1,200,00,000 was raised by way of the cash private placement and the paid-in capital after the capital increase was NTD11,935,956,950.
Dec. 2008	Due to being busy, Mr. LIU, HSIEN-TUNG resigned from the office of chairman. Mr. WU, LIN-MAW, the representative of directors of the corporate shareholder, Wei Chiao Investment & Development Co., Ltd., was elected to be the chairman of the company.
June 2009	The capital reduction was carried out by the company and the paid-in capital after the capital reduction changed to be NTD6,182,858,950.
October 2011	The capital increase from the surplus earnings was carried out and the paid-in capital after the capital increase was NTD6,306,516,130.
Nov. 2011	The company was awarded the "Safety and Health Model" prize in 2011 by the Industrial Development Bureau of the Ministry of Economic Affairs.

Nov. 2011	Invested in the establishment of “E-DA Royal Skylark Hotel Co., Ltd.” and “E-DA Kau Du Co., Ltd.” for the sake of investment in the construction of the international tourist hotel and boutique shopping center.
Dec. 2011	The company name of “E-DA Kau Du Co., Ltd.” changed into “E-DA Metropolis Enterprise Co., Ltd.”.
January 2012	The company passed the verification of OHSAS 18001/TOSHMS occupational safety and health management system of the Bureau of Standards, Metrology and Inspection, the Ministry of Economic Affairs.
October 2013	The company’s subsidiary companies, “E-DA Royal Skylark Hotel Co., Ltd.” and “E-DA Metropolis Enterprise Co., Ltd.” obtained the building license on October 3, 2013.
Sept. 2015	Because of the business development needs, our subsidiary company, E-DA Metropolis Co., Ltd., took part in the investment in the establishment of E-HUA International Co., Ltd.
May 2016	We participated in the subscription of the cash capital increase of E-DA Royal Skylark Hotel Co., Ltd. and E-DA Metropolis Enterprise Co., Ltd. respectively in the amount of NTD100,000,000. Their accumulated investment respectively amounted to NTD2,100,000 and NTD2,150,000,000.
October 2016	The company name of E-DA Royal Skylark Hotel Co., Ltd. changed to be Great Emperor Hotel Co., Ltd., while that of E-DA Metropolis Enterprise Co., Ltd. to be Kingsgarden International Co., Ltd.
August 2017	The company carried out the capital reduction in the amount of NTD1,000,000,000 and the paid-in capital after the capital reduction was NTD5,306,516,130.
January 2018	We passed the verification of ISO14001:2015 Environmental Management System.
October 2019	Thanks to the business development needs, our subsidiary company, Kingsgarden International Co., Ltd., took part in the investment in the establishment of HUAGLAM International Co., Ltd.
Dec. 2019	We passed the verification of ISO050001:2018 Energy Management System.
January 2020	We won Japan’s JIPM TPM Excellence Award.
March 2020	Since we failed in acquiring a majority of director seats in Kingsgarden International Co., Ltd., we lost the controlling power of such three companies as Kingsgarden International Co., Ltd. and its reinvested subsidiary companies, E-HUA International Co., Ltd. and HUAGLAM International Co., Ltd.
Nov. 2020	Since Mr. CHANG, TIEN-CHI, the representative of our parent company, YIEH PHUI ENTERPRISE CO., LTD., was elected as the chairman of Great Emperor Hotel Co., Ltd., YIEH PHUI acquired the direct controlling power of Great Emperor Hotel Co., Ltd., pursuant to Article 369-2 of the Company Act. Accordingly we lost the controlling power of Great Emperor Hotel Co., Ltd.
January 2021	We passed the verification of ISO45001: 2018 Occupational Safety and Health Management System.

I. Organizational System

(1) Company Organizational Chart

YIEH HSING ENTERPRISE CO., LTD.
ORGANIZATION CHART



(2) Activities of each Major Division:

Our major divisions are divided into the Administration and Management Division, the Financial Division, the Domestic Marketing & Sales Division, the Global Marketing & Sales Division, the Market Development Division, the Rolled Steel Production Division, the Pickling and Annealing Production Division, the Pingnan Rolled Steel Production Division, the Pingnan Stainless Steel Production Division, the Industrial Safety and Health Room, the Technology Division, the Vice President's Office, the TPM Management Room, the Equipment Division, the Information Division, the Purchasing Section and the Production & Marketing Management Division, etc. The duties and responsibilities of each Division is classified and detailed as follows:

1. Administration and Management Division
 - A. Take charge of the administration business by order from the vice president.
 - B. Supervise the business execution of the subordinate administration and management sectors.
 - C. Assess the subordinate employees' diligence and make reports for reward, punishment and promotion.
 - D. Temporary tasks.
2. Financial Division
 - A. Take charge of various financial businesses by order from the vice president.
 - B. Supervise the business execution of the subordinate financial, accounting and costs section-level sectors.
 - C. Assess the subordinate employees' diligence and make reports for reward, punishment and promotion.
 - D. Temporary tasks.
3. Domestic Marketing & Sales Division, Global Marketing & Sales Division and Market Development Division
 - A. Take charge of the product selling business by order from the vice president.
 - B. Map out & follow up the wire rod marketing strategy and collect & analyze the information of international steel products market.
 - C. Supervise the business execution of the subordinate marketing and sales sectors.
 - D. Assess the subordinate employees' diligence and make reports for reward, punishment and promotion.
 - E. Temporary tasks.
4. Industrial Safety and Health Room
 - A. Take charge of the overall planning of the occupational disaster prevention plan and guidance of the labor safety and health affairs.
 - B. Draw up the contingency plan and emergency measures for the accidents of industrial safety and environmental protection.
 - C. Assess the subordinate employees' diligence and make reports for reward, punishment and promotion.
 - D. Temporary tasks.
5. Vice President's Office
 - A. Plan the company's operational goals and work policies.
 - B. Assess the operation and management performance and assist in the review and analysis of the costs, profit and loss.
 - C. Analyze, plan, establish, implement and revise the internal computerization systems in the company.
 - D. Plan, implement and review all kinds of the management activities.
 - E. Establish, implement, assess and modify the standardization of the systems and regulations throughout the company.
 - F. Propose, revise the organization and functions and set up the division of powers and responsibilities.
 - G. Establish and revise the production standards.
 - H. Build up and revise the bonus system and assess various bonuses.
 - I. Evaluate the effectiveness of the investment projects and coordinate.
 - J. Analyze and improve the special projects.
 - K. Assess the related cases submitted for approval, countersign the opinions as a reference for the supervisor's instructions.
 - L. Manage and assign the rules and regulations (including the distribution of the quality manuals).
 - M. Temporary tasks.
6. Technology Division

- A. Take charge of the quality assurance of the wire rod products and promotion of various businesses by order from the vice president.
 - B. Supervise the business execution of the subordinate quality control, technology and Pingnan quality assurance sections.
 - C. Assess the subordinate employees' diligence and make reports for reward, punishment and promotion.
 - D. Temporary tasks.
- 7. Rolled Steel Production Division, Pickling and Annealing Production Division, Pingnan Rolled Steel Production Division, Pingnan Stainless Steel Production Division
 - A. Take charge of the product manufacture business of the production Division by order from the vice president.
 - B. Supervise the business execution of the subordinate production section-level sectors.
 - C. Assess the subordinate employees' diligence and make reports for reward, punishment and promotion.
 - D. Temporary tasks.
- 8. TPM Management Room
 - A. Take the responsibility for the implementation of the TPM management activities, including such matters as the plans and progress of individual improvement, autonomous maintenance, scheduled maintenance, educational training, safety and health, quality maintenance, initial flow management, efficiency of the indirect divisions, etc.
 - B. Assess the subordinate employees' diligence and make reports for reward, punishment and promotion.
 - C. Temporary tasks.
- 9. Information Division
 - A. Take charge of such matter as development of the computerized management systems, buildup & maintenance of the hardware equipment in the company.
 - B. Assess the subordinate employees' diligence and make reports for reward, punishment and promotion.
 - C. Temporary tasks.
- 10. Production and Marketing Management Division
 - A. Take charge of such matters as mapping out the production schedule, coordinating and tracking the order delivery and shipment, warehousing and managing the raw material, subject to the order and production plan.
 - B. Be responsible for such matters as the order shipment control, scheduling of the vehicle shipment order and double check of the shipment.
 - C. Assess the subordinate employees' diligence and make reports for reward, punishment and promotion.
 - D. Temporary tasks.
- 11. Equipment Division
 - A. Take charge of such related matters as maintenance of the site mechanical facilities.
 - B. Take charge of such related matters as maintenance of the site instrument facilities.
 - C. Assess the subordinate employees' diligence and make reports for reward, punishment and promotion.
 - D. Temporary tasks.
- 12. Purchasing Section
 - A. Take charge of the purchasing business by order from the vice president.
 - B. Determine and execute the purchasing process, establish the supplier and price records, control the material feed & follow up the overdue delivery and dispose the fed material quality and quantity.
 - C. Organize, examine and check the payment process.
 - D. Dispose the emergency purchasing cases and the information of the manufacturer's evaluation processing.
 - E. Temporary tasks.

II. Information of Directors, Presidents, Vice Presidents, Senior Managers and Managers of each Division and Branch

(1) Information of Directors

April 2021

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Main Experience (Education)	Position Concurrently taken in this or other companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	Taiwan, R.O.C.	WU, LIN-MAW, Representative of YIEH PHUI Enterprise Co., Ltd.	Male	June 20, 2018	3 Years	Nov. 13, 2008	304,472,650	56.43%	304,654,650	57.41%	-	-	-	-	EMBA, National Dr. Sun Yat-sen University Materials Science Engineering Dept. of National Tsing Hua University Marketing & Sales Vice President of Yieh Phui Enterprise Co., Ltd.	Chairman of Yieh Hsing Enterprise Co., Ltd. Vice President of Yieh Phui Enterprise Co., Ltd. (China) Chairman of Hung Yu Co., Ltd.	Nil	Nil	Nil	Nil
							0	-	0	-	-	-	-	-						
Director	Taiwan, R.O.C.	LIN, I-SHOU, Representative of Yieh Phui Enterprise Co., Ltd.	Male	June 20, 2018	3 Years	July 18, 1978	304,472,650	56.43%	304,654,650	57.41%	-	-	-	-	Chairman of Yieh Phui Enterprise Co., Ltd. and Yieh Hsing Enterprise Co., Ltd.	Chairman of Yieh United Steel Corp., Yieh Phui Enterprise Co., Ltd. and Wei Chiao Investment & Development Co., Ltd.	Nil	Nil	Nil	Nil
							172,206	0.03%	172,206	0.03%	2,448,388	0.46%	-	-						
Director	Taiwan, R.O.C.	CHEN, SEN-LONG, Representative of Yieh Phui Enterprise Co., Ltd.	Male	June 20, 2018	3 Years	October 5, 2016	304,472,650	56.43%	304,654,650	57.41%	-	-	-	-	Department of Metallurgy, National Cheng Kung University Marketing & Sales Vice President of Yieh Phui Enterprise Co., Ltd.	Vice President of Yieh Hsing Enterprise Co., Ltd. Director of Yieh Phui Enterprise Co., Ltd. (China)	Nil	Nil	Nil	Nil
							255	-	255	-	-	-	-	-						
Director	Taiwan, R.O.C.	SU, YU-KUN, Representative of Yieh United Steel Corp.	Male	June 20, 2018	3 Years	June 20, 2018	85,717,552	16.15%	85,717,552	16.15%	-	-	-	-	Mechanical Engineering Dept. of Kaohsiung Institute of Technology Vice President of Angang Lianzhong (Guangzhou) Stainless Steel Co., Ltd.	Vice President of Yieh United Steel Corp.	Nil	Nil	Nil	Nil
							0	-	0	-	-	-	-	-						
Independent Director	Taiwan, R.O.C.	CHANG, WEI I	Male	June 20, 2018	3 Years	June 21, 2017	0	-	0	-	-	-	-	-	Passed the High Assessment Examination for Accounting and Auditing Personnel in 1974 Panelist of Importers and Exporters Association of Kaohsiung	Yieh Hsing – Compensation Committeeman Yieh Phui – Independent Director Yieh Phui – Compensation Committeeman	Nil	Nil	Nil	Nil

Independent Director	Taiwan, R.O.C.	SUN, CHIN-SU	Male	June 20, 2018	3 Years	June 17, 2015	0	-	0	-	-	-	-	-	Accounting Department of National Cheng Kung University Supervisor of CPA Associations R.O.C. (Taiwan)	Yieh Hsing – Compensation Committeeman Yieh Phui – Independent Director Yieh Phui – Compensation Committeeman	Nil	Nil	Nil	Nil
Independent Director	Taiwan, R.O.C.	YANG, DER-YUAN	Male	June 20, 2018	3 Years	June 20, 2018	0	-	0	-	-	-	-	-	Ph. D. of Economics, University of California, Santa Barbara Professor of Dept. of Finance, National Kaohsiung University of Applied Science	Yieh Hsing – Compensation Committeeman Yieh Phui – Independent Director Yieh Phui – Compensation Committeeman	Nil	Nil	Nil	Nil

Note 1: In case of the corporate shareholder, its name and representative should be separately listed (For those who are representatives of the corporate shareholder, please specify the name of the corporate shareholder), and fill up the following Schedule I.

Note 2: List the time when the post of the director or supervisor of the company is assumed initially. In the event of interruption, explanations should be made in notes.

Note 3: For the experience related to the current held position, for example, had ever been employed in the audit CPA office or its affiliates during the above-mentioned period, the title posted and duties-in-charge should be specified.

Note 4: If the chairman, president or the equivalent office (top one manager) is the same person or are spouses or relatives within the first degree of kinship, one should explain the related information as for its reason, rationality, necessity and countermeasures (e.g. in such manner of the independent director seat increase, a majority of directors cannot serve concurrently as the employee or manager).

Note 5: The current shareholding number refers to the one recorded in the shareholder register as of the date when the share transfer is stopped for this shareholders meeting.

Table 1: Major Shareholders of Institutional Shareholders

March 31, 2021

Name of institutionalshareholders (Note 1)	Major shareholders of institutional shareholders(Note 2)	Shareholding Percentage
Yieh Phui Enterprise Co., Ltd.	Yieh United Steel Corporation	15.98%
	Wei Chiao Investment & Development Co., Ltd.	10.88%
	Wei Hung Investment & Development Co., Ltd.	5.19%
	Li Huei Development Corp.	4.20%
	E-Da Hospital	3.54%
	Hsing Loong Investment & Development Co., Ltd.	3.52%
	Kuo Chiao Investment & Development Co., Ltd.	3.27%
	Lien shuo Investment & Development Co., Ltd.	3.16%
	Ta Ching Motors Co., Ltd.	2.81%
	Zhi Yi Investment Co., Ltd.	2.23%
Yieh United Steel Corporation	Yieh Phui Enterprise Co., Ltd.	25.82%
	Wei Chiao Investment & Development Co., Ltd.	17.32%
	Lien shuo Investment & Development Co., Ltd.	9.43%
	Hsing Loong Investment & Development Co., Ltd	8.33%
	Wei Hung Investment & Development Co., Ltd.	5.69%
	Yieh Hong Enterprise Corporation Ltd.	3.86%
	Yieh Mau Corp.	3.23%
	Kuo Tung Investment & Development Co., Ltd.	2.22%
	United Brightening Development Corp.	2.22%
	Kuo Chang Enterprise Co., Ltd.	2.17%

Note 1: For Directors and Supervisors who are representatives of institutional shareholders, the names of the institutional shareholders shall be disclosed.

Note 2: Please declare names of the major shareholders (top 10 shareholders) and their shareholding of the corporate shareholders. If the major shareholders are institutional shareholders, please fill out Table 2 below.

Note 3: The legal shareholder is not a company organizer. The name and shareholding ratio of the shareholder that should be disclosed previously disclosed name of the funder or donor and their contribution amount or contribution ratio.

Table 2: Major Shareholders of Major Shareholders in Table 1 Who Are Institutional Shareholders

March 31, 2021

Name of Institutional Shareholder (Note 1)	Major Shareholders of Institutional Shareholders(Note 2)	Shareholding Percentage	Name of Institutional Shareholder (Note 1)	Major Shareholders of Institutional Shareholders(Note 2)	Shareholding Percentage
Wei Hung Investment & development Co., Ltd.	Yieh Hong Enterprise Corporation Ltd.	25.41%	Wei Chiao Investment & Development Co., Ltd.	Yu Sheng Investment & Development Co., Ltd.	13.03%
	Lin I-Shou	18.21%		Hsing Loong Investment & Development Co., Ltd.	13.01%
	Hsing Loong Investment & Development Co., Ltd.	20.19%		Wei Hung Investment & development Co., Ltd.	15.89%
	Wei Chiao Investment & Development Co., Ltd.	13.40%		Lien shuo Investment & development Co., Ltd.	10.21%
	Lien shuo Investment & development Co., Ltd.	10.42%		Chia Yuan Investment & Development Co., Ltd.	17.42%
	Chia Yuan Investment & Development Co., Ltd.	11.39%		Shin Yang Investment & Development Co., Ltd.	13.51%
Kuo Chiao Investment & Development Co., Ltd.	Yu Hong Enterprise Corp.	39.66%	Li Huei Development Corp.	Yieh United Steel Corporation	55.44%
	Kuo Tung Investment & Development Co., Ltd.	12.27%		Yieh Phui Enterprise Co., Ltd.	44.56%
	Chiao Summit Co., Ltd.	12.55%			
	Yieh Hong Enterprise Corporation Ltd.	11.23%	Hsing Loong Investment & Development Co., Ltd.	Lin I-Shou	31.51%
	Wei Hung Investment & development Co., Ltd.	11.43%		Lin, Tsai Yueh-Er	18.52%
				Wei Chiao Investment & Development Co., Ltd.	19.90%
				E-Da Hospital	10.57%
				Wei Hung Investment & development Co., Ltd.	11.38%
Lien shuo Investment & development Co.,	Lin I-Shou	11.40%	Ta Ching Motors Co., Ltd.	Taiwan Ves-Power Co., Ltd.	99.99%
	Wei Hung Investment & development Co., Ltd.	18.25%			

Ltd.	Lin, Tsung-cheng	9.66%			
	Hsing Loong Investment & Development Co., Ltd.	18.19%			
	Wei Chiao Investment & Development Co., Ltd.	18.10%			
E-Da Hospital	Lin I-Shou	2.00%	Zhi Yi Investment Co., Ltd.	Wei Hung Investment & development Co., Ltd.	19.41%
	Lien shuo Investment & development Co., Ltd.	23.00%		Lien shuo Investment & development Co., Ltd.	18.86%
	Wei Hung Investment & development Co., Ltd.	31.00%		Hsing Loong Investment & Development Co., Ltd.	19.33%
	Hsing Loong Investment & Development Co., Ltd.	14.00%		Shin Yang Investment & Development Co., Ltd.	19.45%
	Wei Chiao Investment & Development Co., Ltd.	30.00%		Wei Chiao Investment & Development Co., Ltd.	19.39%
Yieh Hong Enterprise Corporation Ltd.	Lin, Tsung-cheng	10.75%	Yieh Mau Corp	Yieh Phui Enterprise Co., Ltd.	23.00%
	Lin, Chih-lung	12.85%		Yieh United Steel Corporation	36.26%
	Wei Hung Investment &	18.26%		E-Da Hospital	
	Hsing Loong Investment &	19.34%		Wei Chiao Investment & Development Co.,	15.66%
	Wei Chiao Investment &	11.01%			
Kuo Tung Investment & Development Co., Ltd.	Wei Chiao Investment &	30.03%	United Brightening Development Corp.	Yieh Phui Enterprise Co., Ltd.	95.56%
	Lien shuo Investment	24.00%		Shin Yang Investment & Development Co.,	4.44%
	Wei Hung Investment &	22.21%			
	Yieh Hong Enterprise Corporation Ltd.	13.80%			
			Kuo Chang Enterprise Co., Ltd.	Yieh Phui Enterprise Co., Ltd.	99.04%
				Chia Yuan Investment & Development Co.,	0.96%

Note 1: As shown in Table 1 above, when a major shareholder is an institutional shareholder, disclose the name of the institution.

Note 2: Names of major shareholders (ranked top 10 in terms of shareholding) in the corporate shareholders and their shareholding ratio shall be filled in this section.

Note 3: The legal shareholder is not a company organizer. The name and shareholding ratio of the shareholder that should be disclosed previously disclosed name of the funder or donor and their contribution amount or contribution ratio.

Table 3: Information of Directors

March 31, 2021

Name (Note 1)	Criteria	Meet the Requirement of Having at least Five-year Work Experience and the Following Professional Qualification			Independence Criteria (Note 2)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Division of Commerce, Law, Finance, Accounting, or Other Academic Division Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12		
Director – WU, LIN-MAW			✓				✓	✓			✓		✓	✓	✓		0
Director – LIN, I-SHOU			✓				✓	✓			✓		✓	✓	✓		0
Director – CHEN, SEN-LONG			✓				✓	✓			✓	✓	✓	✓	✓		0
Director – SU, YU-KUN			✓				✓	✓			✓		✓	✓	✓		0
Independent Director – CHANG, WEN I				✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Independent Director – SUN, CHIN-SHU				✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Independent Director – YANG, DER-YUAN	✓						✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note 1: The number of columns should be adjusted, depending on the actual number.

Note 2: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

- (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. (However it is not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)
- (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 ranking in the top 10 in holdings.
- (4) Not a spouse, or relative within the second degree of kinship, or lineal relative within the third degree of kinship, of an executive officer falling under (1) or of any of the persons in (2) & (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Paragraph 1 or 2, Article 27 of the Company Act. (However it is not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)
- (6) Not a director, supervisor, or employee of the other company in which a majority of the company's director seats or voting shares and those of any other company are controlled by the same person. (However it is not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)
- (7) Not a director (or governor), supervisor, or employee of that other company or institution, if the chairperson, vice president, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. (However it is not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)
- (8) Not a director, supervisor, executive officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (However, it is not applicable in cases where the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the company and the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof. This restriction does not apply, however, to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Have no kinship of spouse, or relative within the second degree of kinship with other directors.
- (11) Do not involve any one of conditions specified in Article 30 of the Company Act.
- (12) No government, juristic person or their representatives are elected, as stipulated in Article 27 of the Company Act.

(2) Information of Presidents, Vice Presidents, Senior Managers and Managers of each Division and Branch

April 2021

Title (Note 1)	Nationality	Name	Gender	Date Elected (Employed)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Main Experience (Education) (Note 2)	Position Concurrently taken in this or other companies	Managers Who are Spouses or within Two Degrees of Kinship			Remarks (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation- ship	
President	Taiwan, R.O.C.	CHEN, SEN-LONG	Male	Oct. 5, 2016	255	-	-	-	-	-	Dept. of Metallurgy, National Cheng Kung University, Marketing & Sales Vice President of Yieh Phui Enterprise Co., Ltd.	Director of Yieh Phui Enterprise Co., Ltd. (China)	Nil	Nil	Nil	Nil
Financial Vice President	Taiwan, R.O.C.	CHEN, YUNG-HSIEN	Male	Nov. 20, 2008	0	-	-	-	-	-	Dept. of Business Administration, Tamkang University, Senior Financial Manager of Yieh Phui Enterprise Co., Ltd.	Executive Vice President of Yieh Phui Enterprise Co., Ltd.	Nil	Nil	Nil	Nil
Production Vice President	Taiwan, R.O.C.	HSU, CHING WU	Male	Sept. 4, 2020	0	-	-	-	-	-	Dept. of Machinery of National Taipei Institute of Technology, Director and Plant Manager of the Equipment Division of this Company	Nil	Nil	Nil	Nil	Nil
Financial Assistant Vice President	Taiwan, R.O.C.	YU, CHING SHENG	Male	March 1, 2017	0	-	-	-	-	-	Dept. of Statistics, Fu Jen Catholic University, Senior Manager of the Dept. of Financial Management of EMMT, Senior Financial Manager of this Company	Nil	Nil	Nil	Nil	Nil
Equipment Division Manager	Taiwan, R.O.C.	CHOU, MING CHIEH	Male	Oct. 1, 2020	337	-	-	-	-	-	Dept. of Mechanical Engineering, National Kaohsiung Institute of Technology, Assistant Manager of this Company's Equipment Division	Nil	Nil	Nil	Nil	Nil
Senior Manager of Information Division	Taiwan, R.O.C.	HUANG, CHUN-KAI	Male	Dec. 5, 2008	0	-	-	-	-	-	Dept. of Electronic Engineering, National Kaohsiung Institute of Technology, Information Division Manager of Yieh Phui Enterprise Co., Ltd.	Senior Manager of the Information Division of Yieh Phui Enterprise Co., Ltd.	Nil	Nil	Nil	Nil
Senior Manager of the TPM Management Room	Taiwan, R.O.C.	WENG, WEN-YI	Male	Sept. 1, 2016	-	-	-	-	-	-	National Taipei Institute of Technology, E United Group - Manager	Senior Manager of the TPM Management Room of Yieh Phui Enterprise Co., Ltd.	Nil	Nil	Nil	Nil
Senior Manager of the Administration and Management Division	Taiwan, R.O.C.	CHANG, YUE HAN	Male	Feb. 1, 2016	0	-	-	-	-	-	Institute of Public Administration and Policy of National Taipei University, Manager of this Company's Administration and Management Division	Nil	Nil	Nil	Nil	Nil
Senior Manager of the Pickling & Annealing Production Division	Taiwan, R.O.C.	HSU, HUANG-CHI	Male	July 16, 2016	179	-	-	-	-	-	Department of Mechanical Engineering of National Kaohsiung University of Science and Technology, Plant Manager of this Company's Pickling & Annealing Production Division	Nil	Nil	Nil	Nil	Nil
Senior Manager of the Rolled Steel Production Division	Taiwan, R.O.C.	YEN, SHEN-CHI	Male	July 16, 2016	6,339	-	-	-	-	-	Department of Mold and Die Engineering, National Kaohsiung University of Applied Sciences, Plant Manager of this Company's Rolled Steel Production Division	Nil	Nil	Nil	Nil	Nil
Senior Manager of the Chairman's Office	Taiwan, R.O.C.	OU, CHI-PING	Male	April 1, 2018	5,011	-	459	-	-	-	Public Finance Division of Tamsui Junior College of Industrial and Commercial Management, Assistant Manager of the Group's General Administration Office	Nil	Nil	Nil	Nil	Nil
Assistant Manager of the President's Office	Taiwan, R.O.C.	HUANG, YA-LI	Female	Dec. 5, 2008	0	-	-	-	-	-	Computer Science Institute of the University of Wisconsin, Madison, Section Chief of the President's Office of Yieh Phui Enterprise Co., Ltd.	Assistant Manager of the Vice President's Office of Yieh Phui Enterprise Co., Ltd.	Nil	Nil	Nil	Nil
Manager of the Industrial Safety & Health Room	Taiwan, R.O.C.	TUAN, HSUAN-CHIH	Male	Dec. 5, 2008	0	-	-	-	-	-	Institute of Environmental Engineering, National Pingtung University of Science and Technology, Assistant Manager of the Industrial Safety and Health Room, Yieh Phui Enterprise Co., Ltd.	Manager of the Industrial Safety and Health Room of Yieh Phui Enterprise Co., Ltd.	Nil	Nil	Nil	Nil
Manager of the Technology Division	Taiwan, R.O.C.	LEE, PO CHIH	Male	Sept. 1, 2014	0	-	-	-	-	-	Department of Materials Science, Feng Chia University, Assistant Manager of the Technology Division of this Company	Nil	Nil	Nil	Nil	Nil
Deputy Senior Manager of the	Taiwan, R.O.C.	HO, MING CHANG	Male	April 1, 2019	0	-	-	-	-	-	Department of Shipping & Transportation Management of	Nil	Nil	Nil	Nil	Nil

Global Marketing & Sales Division											National Taiwan Ocean University, Marketing & Sales Manager of Prosperity Tieh Enterprise Co., Ltd.					
Manager of the Domestic Marketing & Sales Division	Taiwan, R.O.C.	WU, CHING-YUAN	Male	April 1, 2019	0	-	-	-	-	-	Department of Applied Mathematics of I –SHOU University, Section Chief of the Domestic Marketing & Sales Division of this Company	Nil	Nil	Nil	Nil	Nil
Senior Manager of the Financial Division	Taiwan, R.O.C.	WANG, T. H.	Male	Sept. 1, 2018	528	-	-	-	-	-	Department of Business Administration, National Sun Yat-sen University, Manager of the Financial Division of this Company	Nil	Nil	Nil	Nil	Nil
Manager of the Production & Marketing Management Division	Taiwan, R.O.C.	KUO, S. J.	Male	March 1, 2021	0	-	-	-	-	-	Department of Industrial Engineering, Feng Chia University Assistant Manager of the Production & Marketing Management Division	Nil	Nil	Nil	Nil	Nil

Note 1: Disclose the information of presidents, vice presidents, senior managers and managers of each division and branch as well as those whose positions are equivalent to president, vice president or senior manager, regardless of their titles.

Note 2: For the experience related to the current held position, for example, had ever been employed in the audit CPA office or its affiliates during the above-mentioned period, the title posted and duties-in-charge should be specified.

Note 3: If the chairman, president or the equivalent office (top one manager) is the same person or spouses or relatives within the first degree of kinship, one should disclose such related information as its reason, rationality, necessity and countermeasures (e.g. in such manner of the independent director seat increase, a majority of directors cannot serve concurrently as the employee or manager).

Note 4: The shareholding number refers to the one recorded in the shareholder register as of the date when the share transfer is stopped for this shareholders meeting.

Note 5: Date elected (employed) refers to the date when each chief officer takes the said office.

III. Remuneration Paid to Directors, Presidents and Vice Presidents in the Most Recent Year

(1) Remuneration of Directors (including Independent Directors), Presidents and Vice Presidents

(1-1) Remuneration of General Directors and Independent Directors (Respective Disclosure of Name and Remuneration Method)

Unit: NT\$ Thousands

Title	Name	Director's Remuneration								Ratio of Total Amount of 4 Items of A+B+C+D to Net Income after Tax (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Amount of 7 Items of A+B+C+D+E+F+G to Net Income after Tax (Note 10)		Remuneration Received from the Parent Company and All Reinvested Companies (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay (B)		Director's Compensation (C) (Note 3)		Business Execution Costs (D) (Note 4)				Salary, Bonuses, and Expenses (E) (Note 5)		Severance Pay (F)		Employee Compensation (G) (Note 6)						
		The company	All companies in the consolidated financial statements (Note 7)	The company	All Companies in the consolidated financial statements (Note 7)	The company	All Companies in the consolidated financial statements (Note 7)	The company	All Companies in the consolidated financial statements (Note 7)	The company	All Companies in the consolidated financial statements (Note 7)	The company	All Companies in the consolidated financial statements (Note 7)	The company	All Companies in the consolidated financial statements (Note 7)	The company		All Companies in the consolidated financial statements (Note 7)		The company	All Companies in the consolidated financial statements (Note 7)	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman	Representative of Yieh Phui Enterprise Co., Ltd.: WU, LIN-MAW	-	-	-	-	-	-	144	144	-0.03	-0.03	1558	2449	-	-	-	-	-	-	-0.36	-0.55	5609
Director	Representative of Yieh Phui Enterprise Co., Ltd.: LIN, LI-SHOU	-	-	-	-	-	-	144	144	-0.03	-0.03	1115	1115	-	-	-	-	-	-	-0.27	-0.27	8937
Director	Representative of Yieh Phui Enterprise Co., Ltd.: CHEN, SEN-LONG	-	-	-	-	-	-	144	144	-0.03	-0.03	3182	3182	108	108	-	-	-	-	-0.71	-0.71	Nil
Director (Dismissed on June 17, 2020.)	Representative of Yieh United Steel Corp.: CHANG, TIEN-CHI	-	-	-	-	-	-	66	66	-0.01	-0.01	-	-	-	-	-	-	-	-	-0.01	-0.01	1511
Director (Dismissed on June 17, 2020.)	Representative of Yieh Phui Enterprise Co., Ltd.: CHEN, YUNG-HSIEN	-	-	-	-	-	-	66	66	-0.01	-0.01	222	255	-	-	-	-	-	-	-0.06	-0.07	1240

Director	Representative of Yieh United Steel Corp.: SU, YU-KUN	-	-	-	-	-	144	144	-0.03	-0.03	-	-	-	-	-	-	-	-	-0.03	-0.03	3138
Independent Director	CHANG, WEN I	355	355	-	-	-	144	144	-0.1	-0.1	-	-	-	-	-	-	-	-	-0.11	-0.11	600
Independent Director	SUN, CHIN-SU	355	355	-	-	-	144	144	-0.1	-0.1	-	-	-	-	-	-	-	-	-0.11	-0.11	600
Independent Director	YANG, DER-YUAN	238	238	-	-	-	144	144	-0.08	-0.08	-	-	-	-	-	-	-	-	-0.08	-0.08	483
1. Please specify the payment policy, system, standards and structure of the independent director's remuneration and explicate the relevance of such factories as the assumed responsibilities, risk and input time, etc. to the amount of paid remuneration. (1) The independent directors of the company receive the fixed remuneration each month, but they do not participate in the distribution of the annual director remuneration. (2) The same year-end consolation money will be given as a reward, based on the operation performance of the company. 2. In addition to the disclosure in the foregoing Table, the remuneration received by the directors of the company who provide service to all companies in the financial report in the most recent year: 0																					

* Please respectively list the related information of directors (general directors other than the independent directors) and independent directors.

- Note 1: The director's name should be respectively listed. (In case of a corporate shareholder, the name of the corporate shareholder and its representative should be separately indicated.); and the general director and the independent director should be also separately listed; the amount of various payments should be disclosed in a summarized way. Those directors who concurrently serve as the presidents or the vice presidents should be shown in this list and the following Table (3-1) or Tables (3-2-1) and (3-2-2).
- Note 2: Refers to the director's remuneration in the most recent year (including the director's salary, duty allowance, severance pay, all kinds of bonuses, bonus commission, etc.).
- Note 3: Indicate the amount of the director's remuneration, distributed by the agreement of the Board of Directors in the most recent year.
- Note 4: Refer to the related business execution costs (including travelling expenses, special expenses, all kinds of allowances, material object offer of dorm room and vehicle dispatch, etc.) in the most recent year. If the house, automobile and other vehicles are offered or in case of the unique personal expenses, the disclosure should cover the nature and costs of the offered assets, the actual rental or that calculated at the fair market price, fuel expenses and other payments. Besides, if the driver is dispatched, please put a note to explain the relevant compensation which the company pays to the said driver, but it will not be counted into the remuneration.
- Note 5: Refer to what the director who is concurrently an employee (including concurrently serving as the president, vice president, other manager and employee) receives, covering the salary, duty allowance, severance pay, various bonuses, bonus commission, travelling expenses, special expenses, all kinds of allowances, material object offer of dorm room, car dispatch, etc. in the most recent year. If the house, automobile and other vehicles are offered or in case of the unique personal expenses, the disclosure should cover the nature and costs of the offered assets, the actual rental or that calculated at the fair market price, fuel expenses and other payments. Besides, if the driver is dispatched, please put a note to explain the relevant compensation which the company pays to the said driver, but it will not be counted into the remuneration. Additionally, the salary expenses, recognized subject to IFRS 2 – Share-based Payment, should be included in the remuneration, including acquiring the employee stock option certificate and the new restricted shares for subscription by employees and participating in the subscription of the shares in the cash capital increase.
- Note 6: Mean that for those directors who are concurrently the employees (including concurrently serving as the president, vice president, other manager and employee) and receive the employee remuneration (including stock and cash), the amount of employee remuneration, distributed under agreement of the Board of Directors in the most recent year, should be disclosed. If it cannot be estimated, the amount intended to be distributed this year can be calculated, based on the last-year actual distributed amount in proportion and Table 1-3 should be filled up.
- Note 7: Disclose the total amount of various remunerations which all companies in the consolidated financial report (including the company) pay the directors of the company.
- Note 8: Concerning the total amount of various remunerations which the company pays each director, the names of directors should be disclosed in the brackets where they are classified.
- Note 9: Disclose the total amount of various remunerations which all companies in the consolidated financial report (including the company) pay each director of the company, and the names of directors should be disclosed in the brackets where they are classified.
- Note 10: The net income after tax refers to that of the parent company only or individual financial report in the most recent year.
- Note 11: a. The amount of related remuneration which the directors of the company receive from the reinvested companies other than the subsidiary companies or the parent companies should be expressly shown in this column. (Please fill in "Nil", if it is not applicable.)
b. If the directors of the company receive the remuneration from the reinvested companies other than the subsidiary or parent companies, it should be indicated in Column I of the Remuneration Brackets List and the name of the column should be changed into "the parent company and all reinvested companies."
c. The remuneration refers to such related remunerations as compensation, remuneration (including remuneration of employee, director and supervisor) and business execution costs, which the directors of the company receive in such a capacity as the director, supervisor or manager of the reinvested companies other than the subsidiary companies or the parent companies.

* The contents of remuneration disclosed in this Table differs from the income concept as specified in the Income Tax Act, so this Table is only designed for use of information disclosure rather than taxation.

(3-2) Remuneration of President & Vice Presidents (Respective Disclosure of Name and Remuneration Method)

Unit: NT\$ Thousands

Title	Name	Salary (A) (Note 2)		Severance Pay (B)		Bonus and Special Expenses (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of Total Amount of 4 Items of A+B+C+D to Net Income after Tax (%) (Note 8)		Remuneration Received from the Parent Company and All Reinvested Companies (Note 9)
		The Company	All Companies in the consolidated financial statements (Note 5)	The Company	All Companies in the consolidated financial statements (Note 5)	The Company	All Companies in the consolidated financial statements (Note 5)	The Company		All Companies in the consolidated financial statements (Note 5)		The company	All Companies in the consolidated financial statements (Note 5)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	CHEN, SEN-LONG	2742	2742	108	108	439	439	-	-	-	-	-0.70	-0.70	Nil
Vice President	CHEN, YUNG-HSIEN	412	484	0	0	67	67	-	-	-	-	-0.10	-0.12	2709
Vice President	HSU, CHING WU	1256	1256	76	76	251	251	-	-	-	-	-0.34	-0.34	Nil
Vice President (Resigned on Feb, 28, 2021.)	WU, MING-HUA	1438	1438	88	88	240	240	-	-	-	-	-0.38	-0.38	Nil

* Regardless of the title, those whose position is equivalent to the president and the vice president (e.g. chairman, chief executive officer, director, etc.) should be disclosed.

Note 1: The names of presidents and vice presidents should be respectively listed. The amount of various payments should be disclosed in a summarized way. Those directors who concurrently serve as the presidents or the vice presidents should be shown in this list and the above-mentioned Table (1-1) or Tables (1-2-1) and (1-2-2).

Note 2: Refer to the salary, duty allowance and severance pay for the presidents and vice presidents in the most recent year.

Note 3: Indicate the amount of various bonuses, bonus commissions, travelling expenses, special expenses, all kinds of allowances, material object offer of dorm room and vehicle dispatch and other remunerations for the presidents and vice presidents in the most recent year. If the house, automobile and other vehicles are offered or in case of the unique personal expenses, the disclosure should cover the nature and costs of the offered assets, the actual rental or that calculated at the fair market price, fuel expenses and other payments. Besides, if the driver is dispatched, please put a note to explain the relevant compensation which the company pays to the said driver, but it will not be counted into the remuneration. Additionally, the salary expenses, recognized subject to IFRS 2 – Share-based Payment, should be included in the remuneration, including acquiring the employee stock option certificate and the new restricted shares for subscription by employees and participating in the subscription of the shares in the cash capital increase.

Note 4: List the amount of the employee remuneration (including stock and cash) for the presidents and vice presidents, distributed under agreement of the Board of Directors in the most recent year. If it cannot be estimated, the amount intended to be distributed this year can be calculated, based on the last-year actual distributed amount in proportion and Table 1-3 should be filled up.

Note 5: Disclose the total amount of various remunerations which all companies in the consolidated financial report (including the company) pay the directors of the company.

Note 6: Refers to various remunerations which the company pays each president and vice president; the names of presidents and vice presidents should be disclosed in the brackets where they are classified.

Note 7: Disclose the total amount of various remunerations which all companies in the consolidated financial report (including the company) pay each president and vice president of the company; the names of presidents and vice presidents should be disclosed in the brackets where they are classified.

Note 8: The net income after tax refers to that of the parent company only or individual financial report in the most recent year.

Note 9: a. The amount of related remuneration which the presidents and vice presidents of the company receive from the reinvested companies other than the subsidiary or parent companies should be expressly shown in this column. (Please fill in “Nil”, if it is not applicable.)

b. If the presidents and vice presidents of the company receive from the reinvested companies other than the subsidiary or parent companies, it should be indicated in Column E of the Remuneration Brackets List and the name of the column should be changed into “the parent company and all reinvested companies”.

c. The remuneration refers to such related remunerations as compensation, remuneration (including remuneration of employee, director and supervisor) and business execution costs, which the president and vice presidents of the company receive in such a capacity as the director, supervisor or manager of the reinvested companies other than the subsidiary companies or the parent companies.

* The contents of remuneration disclosed in this Table differs from the income concept as specified in the Income Tax Act, so this Table is designed for use of information disclosure

(4-1) Remuneration of Top Five Management Personnel in Terms of the Highest Remuneration of the Companies Listed on the TWSE and TPEX
(Respective Disclosure of Name and Remuneration Method) (Note 1)

Unit: NT\$ Thousands

Title	Name	Salary (A) (Note 2)		Severance Pay (B)		Bonus and Special Expense (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of Total Amount of 4 Items of A+B+C+D to Net Income after Tax (%) (Note 8)		Remuneration Received from the Parent Company and All Reinvested Companies (Note 9)
		The Company	All Companies in the consolidated financial statements (Note 5)	The Company	All Companies in the consolidated financial statements (Note 5)	The Company	All Companies in the consolidated financial statements (Note 5)	The Company		All Companies in the consolidated financial statements (Note 5)		The company	All Companies in the consolidated financial statements (Note 5)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	CHEN, SEN-LONG	2742	2742	108	108	439	439	-	-	-	-	-0.70	-0.70	Nil
Vice President (Resigned on Feb, 28, 2021.)	WU, MING-HUA	1438	1438	88	88	240	240	-	-	-	-	-0.38	-0.38	Nil
Vice President	HSU, CHING WU	1256	1256	76	76	251	251	-	-	-	-	-0.34	-0.34	Nil
Assistant Vice President	YU, CHING SHENG	1245	1270	76	76	236	236	-	-	-	-	-0.33	-0.33	Nil
Senior Manager	YEN, SHEN-CHI	1104	1104	70	70	207	207	-	-	-	-	-0.29	-0.29	Nil

Note 1: The so-called “Top Five Management Personnel” refers to the managers of the company. Concerning the recognition standards of the managers, it is pursuant to the scope of application for “managers”, as stipulated in the letter order of former Securities and Futures Management Commission on March 27, 2003 with reference to File of Tai-tsai-cheng-san-tzu No. 0920001301. As for the calculation and recognition principle of the “Top Five Remuneration” is based on the aggregate amount of the salary, severance pay, bonus and special expenses, etc. as well as the employee remuneration which the company’s managers receive from all companies in the consolidated financial report (i.e. Total amount of four items of A+B+C+D) and pick in sequence those top five managers with the highest remuneration. The directors who serve as the preceding management personnel should be listed in this Table and the foregoing Table (1-1).

Note 2: List the salary, duty allowance and severance pay of top five management personnel in the most recent year.

Note 3: List the amount of various bonuses, bonus commissions, travelling expenses, special expenses, all kinds of allowances, material object offer of dorm room and vehicle dispatch and other remunerations for the top five management personnel in the most recent year. If the house, automobile and other vehicles are offered or in case of the unique personal expenses, the disclosure should cover the nature and costs of the offered assets, the actual rental or that calculated at the fair market price, fuel expenses and other payments. Besides, if the driver is dispatched, please put a note to explain the relevant compensation which the company pays to the said driver, but it will not be counted into the remuneration. Additionally, the salary expenses, recognized subject to IFRS 2 – Share-based Payment, should be included in the remuneration, including acquiring the employee stock option certificate and the new restricted shares for subscription by employees and participating in the subscription of the shares in the cash capital increase.

Note 4: List the amount of the employee remuneration (including stock and cash) for the top five management personnel, distributed under agreement of the Board of Directors in the most recent year. If it cannot be estimated, the amount intended to be distributed this year can be calculated, based on the last-year actual distributed amount in proportion and Table 1-3 should be filled up.

Note 5: Disclose the total amount of various remunerations which all companies in the consolidated financial report (including the company) pay the top five management personnel of the company;

Note 6: The net income after tax refers to that of the parent company only or individual financial report in the most recent year.

Note 7: a. The amount of related remuneration which the top five management personnel receive from the reinvested companies other than the subsidiary or parent companies should be expressly shown in this column. (Please fill in “Nil”, if it is not applicable.)
b. The remuneration refers to such related remunerations as compensation, remuneration (including remuneration of employee, director and supervisor) and business execution costs, which the top five management personnel receive in such a capacity as the director, supervisor or manager of the reinvested companies other than the subsidiary companies or the parent companies.

* The contents of remuneration disclosed in this Table differs from the income concept as specified in the Income Tax Act, so this Table is designed for use of information disclosure other than taxation.

(2) Names of Managers who are distributed the employee remuneration and Conditions of Distribution (Table 1-3):
Not Applicable (There is no distribution of the employee remuneration in 2020.)

(3) Separately compare and describe the ratio of the total amount of the remuneration, paid by the company and all companies in the consolidated financial report to the directors, presidents and vice presidents of the company during the past 2 fiscal years, to the net income after tax, and analyze and describe the remuneration policies, standards, package, the procedures for the determination of remuneration, and the correlation between the operation performance and future risk

1. Analysis of the ratio of total amount of remuneration, paid by the company to the directors, presidents and vice presidents of the company during the past 2 fiscal years, to the net income after tax

Title	2019		2020	
	Ratio of Total Remuneration, Paid by the Company to Directors, Supervisors, Presidents and Vice Presidents, to Net Income After Tax	Ratio of Total Remuneration, Paid by All Companies in the Consolidated Financial Report to Directors, Supervisors, Presidents and Vice Presidents, of the Company, to Net Income After Tax	Ratio of Total Remuneration, Paid by the Company to Directors, Supervisors, Presidents and Vice Presidents, to Net Income After Tax (Note 1 & Note 3 of Explanation on Analysis)	Ratio of Total Remuneration, Paid by All Companies in the Consolidated Financial Report to Directors, Supervisors, Presidents and Vice Presidents, of the Company, to Net Income After Tax (Note 2 & Note 4 of Explanation on Analysis)
Director	-1.28%	-1.38%	-1.74%	-1.94%
President & Vice President	-0.85%	-0.86%	-1.52%	-1.54%

(Further describe the correlation and rationality of the net income after tax and variance of the remuneration for directors and supervisors in 2020 and 2019.)

- Note 1: Director's Remuneration in the Parent Company Only Financial Report - Explanation on Correlation and Rationality of Variation of Net Income after Tax and Remuneration:**
The variation of increase and decrease for the after-tax profit and loss of the company in 2020 and 2019 is 26.80%, and that for the operating net income is 28.37%, while the variation of increase and decrease for the director's remuneration of the parent company only is 1.27%. The variation is mainly caused by the reduction of loss in the company in 2020 and the increase of the employee-directors' bonus, so that the director's remuneration in 2020 increases relatively than that in 2019.
- Note 2: Director's Remuneration in the Consolidated Financial Report - Explanation on Correlation and Rationality of Variation of Net Income after Tax and Remuneration:**
The variation of increase and decrease for the after-tax profit and loss of the company in 2020 and 2019 is 26.80%, and that for the operating net income is 25.97%, while the variation of increase and decrease for the consolidated director's remuneration is 4.40%. The variation is mainly attributed to the reduction of loss in the company in 2020 and the increase of the employee-director's bonus, so that the director's remuneration in 2020 increases relatively than that in 2019.
- Note 3: President's and Vice President's Remuneration in the Parent Company Only Financial Report - Explanation on Correlation and Rationality of Variation of Net Income after Tax and Remuneration:**
The variation of increase and decrease for the after-tax profit and loss of the company in 2020 and 2019 is 26.80%, and that for the operating net income is 28.37%, while the variation of increase and decrease for the president's and vice president's remuneration is 78.82%. The variation is mainly caused by the reduction of loss and increase of bonus in the company in 2020. Besides, one more vice president is appointed, so that the president's and vice president's remuneration in 2020 increases relatively than that in 2019.
- Note 4: President's and Vice President's Remuneration in the Consolidated Financial Report - Explanation on Correlation and Rationality of Variation of Net Income after Tax and Remuneration:**
The variation of increase and decrease for the after-tax profit and loss of the company in 2020 and 2019 is 26.80%, and that for the operating net income is 25.97%, while the variation of increase and decrease for the president's and vice president's remuneration is 79.07%. The variation is mainly attributed to the reduction of loss and increase of bonus in the company in 2020. Besides, one more vice president is appointed, so that the president's and vice president's remuneration in 2020 increases relatively than that in 2019.
2. The Company's Remuneration Payment Policy, Standards and Package:
 - (1) The fixed travelling expenses, received by the directors of the company per month, the fixed remuneration, received by the independent directors per month and the chairman's salary are determined by agreement of the Board of Directors, subject to the same level in the related industry and the listed companies. The main variation for the remuneration of the employee-directors, presidents and vice presidents of the company lies in the bonus and compensation. The distribution of bonus depends on the company's annual operation performance as well as the employee's personal work performance. Due to the accumulated loss of the company in 2020, the remuneration of directors is not distributed in 2020.
 - (2) In addition, the remuneration payment standards for the managers of the company are based on the company's salary & remuneration system and the related rules on the performance evaluation. Besides, it will be given by considering the principle, set up by the same industry of the market.
 3. Procedures for Determination of Remuneration
The director's remuneration of the company is handed in accordance with Article 16 of the Articles of Incorporation and the president's remuneration is pursuant to Article 17 of the Articles of Incorporation.

IV. Implementation of Corporate Governance

(1) Implementation of the Board of Directors:

1. Information of Implementation of the Board of Directors

Information of Implementation of the Board of Directors

Nine (9) meetings are held by the Board of Directors in the most recent year (2020) and the conditions of attendance for the directors and supervisors are as follows:

Title	Name (Note 1)	Frequency of Attendance in Person	Frequency of Attendance by Proxy	Rate (%) of Attendance in Person (Note 2)	Remarks
Chairman	Representative of Yieh Phui Enterprise Co., Ltd.: WU, LIN-MAW	9	0	100	Reelected in the shareholders meeting on June 17, 2020
Director a	Representative of Yieh Phui Enterprise Co., Ltd.: LIN, I-SHOU	6	3	67	Reelected in the shareholders meeting on June 17, 2020
Director b	Representative of Yieh Phui Enterprise Co., Ltd.: CHEN, SEN-LONG	9	0	100	Reelected in the shareholders meeting on June 17, 2020
Director c	Representative of Yieh United Steel Corp.: CHANG, TIEN-CHI	4	0	100	Dismissed in the shareholders meeting on June 17, 2020
Director d	Representative of Yieh Phui Enterprise Co., Ltd.: CHEN, YUNG-HSIEN	4	0	100	Dismissed in the shareholders meeting on June 17, 2020
Director e	Representative of Yieh United Steel Corp.: SU, YU-KUN	9	0	100	Reelected in the shareholders meeting on June 17, 2020
Independent Director a	YANG, DER-YUAN	9	0	100	Reelected in the shareholders meeting on June 17, 2020
Independent Director b	SUN, CHIN-SU	9	0	100	Reelected in the shareholders meeting on June 17, 2020
Independent Director c	CHANG, WEN I	9	0	100	Reelected in the shareholders meeting on June 17, 2020
Other items to be specified:					
1. If any of the following circumstances happens to the implementation of the Board of Directors, the dates, sessions and contents of motion and all independent directors' opinions and the company's response therein should be specified: We have established the Audit Committee. Please refer to the information of the Audit Committee's implementation status.					
(1) Matters referred to in Article 14-3 of the Securities and Exchange Act.					
2. (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors.					
3. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: See Note 3 for details.					
4. The TWSE/TPEx listed companies should disclose the cycle of evaluation & period, scope of evaluation, method & contents of evaluation of the Board of Directors' self (or peer) assessment and list the evaluation execution conditions of the Board of Directors in Table II (2).					
5. Evaluation on the Goal for Strengthening the functions of the Board of Directors in the current year and most recent fiscal year (e.g. establish the audit commission, promote the information transparency, etc.) and the Condition of Execution: The company has purchased the liability insurance for all directors of supervisors and submitted it in the meeting of the Board of Directors with approval on July 24, 2020.					
Whether at least one seat of independent director attends in person in each meeting of the Board of Directors, along with disclosure in the annual report: All of three independents have attended the meeting of the Board of Directors.					

Note 1: In case of a corporate shareholder, its name and representative should be disclosed.

Note 2: (1) If the director and supervisor resign prior to the end of the fiscal year, the rate of their attendance in person (%) shall be counted on the basis of frequency of meetings held by the Board of Directors and the frequency of their attendance in person during their tenure of office.

(2) If the director and supervisor are reelected prior to the end of the fiscal year, the new and old director and supervisor should be both listed and in the column of remarks, the former & new appointment, or reelection and date of reelection for the said director and supervisor should be specified. The rate of their attendance in person (%) shall be counted on the basis of frequency of meetings held by the Board of Directors and the frequency of their attendance in person during their tenure of office.

Note 3:

(1) Records and Conditions of Execution for the 1st Meeting in 2020 of the Board of Directors on January 10, 2020

Case No.	Contents of Motion	Conditions of Voting	Cause for Avoidance of Conflict Interest
4	Discuss the deliberation of the company's Remuneration Committee on chairman's 2019 year-end and special incentive bonuses.	Except that the chairman of the company avoids participating in the discussion and voting according to the law, the remaining directors do not make an objection and all approve the case, as proposed.	Seeing that Case No. 4 deals with Chairman WU's year-end and special incentive bonuses, which relates to his own interest, he should hence avoid. The Chairman appoints Director CHANG, TIEN-CHI to be the deputy chairman of this motion
5	Discuss the deliberation of the company's Remuneration Committee on managers' 2019 year-end and special incentive bonuses.	Except that the directors avoid participating in the discussion and voting according to the law, the remaining directors do not make an objection and all approve the case, as proposed.	Seeing that Case No. 5 deals with such managers as Senior Consultant LIN, I-SHOU's, President CHEN, SEN-LONG's & Vice President CHEN, YUNG-HSIEN's year-end and special incentive bonuses, which relates to their own interest, they should hence avoid.
6	Discuss the deliberation of the company's Remuneration Committee on independent directors' 2019 year-end consolation money.	Except that the directors avoid participating in the discussion and voting according to the law, the remaining directors do not make an objection and all approve the case, as proposed.	Seeing that Case No. 6 & No. 7 deal with the year-end consolation money of the independent directors and the remuneration committeemen, which relate to the self-interest of YANG, DER-YUAN, SUN, CHIN-SU and CHANG, WEN I, they should hence avoid.
7	Discuss the deliberation of the company's Remuneration Committee on remuneration committeemen's 2019 year-end consolation money.	Except that the directors avoid participating in the discussion and voting according to the law, the remaining directors do not make an objection and all approve the case, as proposed.	Seeing that Cases No. 5 & No. 6 deal with the year-end consolation money of the independent directors and the remuneration committeemen, which relate to the self-interest of <u>YANG, DER-YUAN, SUN, CHIN-SU</u> and <u>CHANG, WEN I</u> , they should hence avoid.

(2) Records and Conditions of Execution for the 2nd Meeting in 2020 of the Board of Directors on March 5, 2020

Case No.	Contents of Motion	Conditions of Voting	Cause for Avoidance of Conflict Interest
1	Intend to abandon the new share subscription of ordinary shares in cash capital increase of the subsidiary company, Kingsgarden International Co., Ltd. in March 2020.	Except that the directors avoid participating in the discussion and voting according to the law, the remaining directors do not make an objection and all approve the case, as proposed.	Because in Case No. 1, as the stakeholders, Chairman WU, LIN-MAW, Director LIN, I-SHOU and Director CHANG, TIEN-CHI who serve as the directors of Kingsgarden International Co., Ltd. and Director CHEN, YUNG-HSIEN who serves as the financial vice president of Kingsgarden International Co., Ltd., should avoid. The Chairman appoints Director CHEN, SEN-LONG to be the deputy chairman of this motion.

(3) Records and Conditions of Execution for the 6th Meeting in 2020 of the Board of Directors on June 29, 2020

Case No.	Contents of Motion	Conditions of Voting	Cause for Avoidance of Conflict Interest
4	Discuss the deliberation of the company's Remuneration Committee on chairman's salary structure and payment amount.	Except that the directors avoid participating in the discussion and voting according to the law, the remaining directors do not make an objection and all approve the case, as proposed.	Seeing that Case No. 4 deals with Chairman WU's remuneration, which relates to his own interest, he should hence avoid and Director CHEN, SEN-LONG is appointed to be the deputy chairman of this motion.
5	Discuss the deliberation of the company's Remuneration Committee on managers' salary structure and payment amount.	Except that the directors avoid participating in the discussion and voting according to the law, the remaining directors do not make an objection and all approve the case, as proposed.	Seeing that Case No. 5 deals with the remuneration of such managers as President WU, SEN-LONG and attending Vice President CHEN, YUNG-HSIEN, which relates to their own interest, they should hence avoid.
6	Discuss the deliberation of the company's Remuneration Committee on the monthly received travelling expenses of the directors (excluding the independent directors).	Except that the directors avoid participating in the discussion and voting according to the law, the remaining directors do not make an objection and all approve the case, as proposed.	Seeing that Case No. 6 deals with the travelling expenses of Chairman WU, LIN-MAW, Director CHEN, SEN-LONG and Director SU, YU-KUN, which relates to their own interest, they should hence avoid. Independent Director YANG, DER-YUAN is appointed to be the deputy chairman of this motion
7	Discuss the deliberation of the company's Remuneration Committee on independent directors' remuneration.	Except that the directors avoid participating in the discussion and voting according to the law, the remaining directors do not make an objection and all approve the case, as proposed.	Seeing that Case 7 deals with the remuneration of Independent Directors <u>YANG, DER-YUAN, SUN, CHIN-SU</u> & <u>CHANG, WEN I</u> , which relates to their own interest, they should hence avoid.
8	Discuss the deliberation of the company's Remuneration Committee on the remuneration of the remuneration committeemen.	Except that the directors avoid participating in the discussion and voting according to the law, the remaining directors do not make an objection and all approve the case, as proposed.	Seeing that Case No. 8 deals with the travelling expenses of Remuneration Committeemen, <u>YANG, DER-YUAN, SUN, CHIN-SU</u> and <u>CHANG, WEN I</u> , which relates to their own interest, they should hence avoid.

(4) Records and Conditions of Execution for the 7th Meeting in 2020 of the Board of Directors on July 24, 2020

Case No.	Contents of Motion	Conditions of Voting	Cause for Avoidance of Conflict Interest
1	Intend to abandon the new share subscription of ordinary shares in cash capital increase of the subsidiary company, Great Emperor Hotel Co., Ltd. The proposal is submitted for discussion.	Except that the chairman avoids participating in the discussion and voting according to the law, the remaining directors do not make an objection and all approve the case, as proposed.	Because in this case, as the stakeholders, Chairman WU, LIN-MAW, Director LIN, I-SHOU and attending Financial Vice President CHEN, YUNG-HSIEN, serve as the directors of Great Emperor Hotel Co., Ltd., they should hence avoid. Chairman WU, LIN-MAW appoints Director CHEN, SEN-LONG to be the deputy chairman of this motion.

2. Conditions of Execution for the Assessment of the Board of Directors

Cycle of Evaluation (Note 1)	Period of Evaluation (Note 2)	Scope of Evaluation (Note 3)	Method of Evaluation (Note 4)	Contents of Evaluation (Note 5)																																																
Executed once a year	January 1, 2020 ~ December 31, 2020	Includes the entire Board of Directors, Individual Director Member, Audit Committee and Remuneration Committee	1. Internal Self-evaluation of the Board of Directors and Director Member Self-evaluation 2. Recover the self-evaluation questionnaires of 7 director members by the deliberative unit and compile “2020 Director’s Self-assessment and Self-evaluation Questionnaire Statistics Table”, the Board of Directors’ Internal Self Evaluation Questionnaire and the Internal Self-evaluation Questionnaire of the Audit Committee & Remuneration Committee and submit the results with the Board of Directors after summarization	The summarized results of the self-evaluation questionnaire is reported as follows: 1. Internal Performance Evaluation of the Board of Directors <table><tr><th>Items of Evaluation</th><th>Results</th></tr><tr><td>1. Degree of participation in the company’s operation</td><td>Better than the standard</td></tr><tr><td>2. Promote the decision-making quality of the Board of Directors</td><td>Better than the standard</td></tr><tr><td>3. Composition and Structure of the Board of Directors</td><td>Better than the standard</td></tr><tr><td>4. Director’s election and ongoing further study</td><td>Better than the standard</td></tr><tr><td>5. Internal Control</td><td>Better than the standard</td></tr></table> 2. Self-evaluation of Director Members <table><tr><th>Items of Evaluation</th><th>Results</th></tr><tr><td>1. Control of the company’s goal and mission</td><td>Better than the standard</td></tr><tr><td>2. Recognition of the director’s duties and responsibilities</td><td>Better than the standard</td></tr><tr><td>3. Degree of participation in the company’s operation</td><td>Better than the standard</td></tr><tr><td>4. Management and communication of the internal relationship</td><td>Better than the standard</td></tr><tr><td>5. Director’s professionalism and ongoing further study</td><td>Better than the standard</td></tr><tr><td>6. Internal control</td><td>Better than the standard</td></tr></table> 3. Internal Performance Evaluation of the Audit Committee <table><tr><th>Items of Evaluation</th><th>Results</th></tr><tr><td>1. Degree of participation in the company’s operation</td><td>Better than the standard</td></tr><tr><td>2. Recognition of the responsibilities of the functional committee</td><td>Better than the standard</td></tr><tr><td>3. Promote the decision-making quality of functional committee</td><td>Better than the standard</td></tr><tr><td>4. Composition and members’ election of the functional committee</td><td>Better than the standard</td></tr><tr><td>5. Internal Control</td><td>Better than the standard</td></tr></table> 4. Internal Performance Evaluation of the Compensation Committee <table><tr><th>Items of Evaluation</th><th>Results</th></tr><tr><td>1. Degree of participation in the company’s operation</td><td>Better than the standard</td></tr><tr><td>2. Recognition of the responsibilities of the functional committee</td><td>Better than the standard</td></tr><tr><td>3. Promote the decision-making quality of the functional committee</td><td>Better than the standard</td></tr><tr><td>4. Composition and member’s election of the functional committee</td><td>Better than the standard</td></tr></table>	Items of Evaluation	Results	1. Degree of participation in the company’s operation	Better than the standard	2. Promote the decision-making quality of the Board of Directors	Better than the standard	3. Composition and Structure of the Board of Directors	Better than the standard	4. Director’s election and ongoing further study	Better than the standard	5. Internal Control	Better than the standard	Items of Evaluation	Results	1. Control of the company’s goal and mission	Better than the standard	2. Recognition of the director’s duties and responsibilities	Better than the standard	3. Degree of participation in the company’s operation	Better than the standard	4. Management and communication of the internal relationship	Better than the standard	5. Director’s professionalism and ongoing further study	Better than the standard	6. Internal control	Better than the standard	Items of Evaluation	Results	1. Degree of participation in the company’s operation	Better than the standard	2. Recognition of the responsibilities of the functional committee	Better than the standard	3. Promote the decision-making quality of functional committee	Better than the standard	4. Composition and members’ election of the functional committee	Better than the standard	5. Internal Control	Better than the standard	Items of Evaluation	Results	1. Degree of participation in the company’s operation	Better than the standard	2. Recognition of the responsibilities of the functional committee	Better than the standard	3. Promote the decision-making quality of the functional committee	Better than the standard	4. Composition and member’s election of the functional committee	Better than the standard
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Note 1: List the cycle of evaluation of the Board of Directors' Assessment, e.g. executed once a year.

Note 2: List the period covering the Board of Directors' Assessment. For example, conduct the evaluation on the performance of the Board of Directors from January 1, 2019 to December 31, 2019.

Note 3: The scope of evaluation includes the performance evaluation of the Board of Directors, the individual director member and the functional committee.

Note 4: The method of evaluation includes the internal self-evaluation of the Board of Directors, the self-evaluation of director members, peer evaluation, assignment of the external professional institutions and professionals or other proper way to conduct the performance evaluation.

Note 5: The contents of evaluation depend on the scope of evaluation, which should include at least the following items:

- (1) Evaluation of the Board of Directors' Performance: At least include the degree of participation in the company's operation, the Board of Directors' decision-making quality, composition and structure of the Board of Directors, directors' election and ongoing further study, internal control, etc.
- (2) Evaluation of the Individual Director Member: At least include the control of the company's goal and mission, recognition of the director's duties and responsibilities, degree of participation in the company's operation, management and communication of internal relationship, director's professionalism and ongoing further study, internal control, etc.

- (3) Evaluation of the Performance of the Functional Committee: Degree of participation in the company's operation, recognition of the duties and responsibilities of the functional committee, decision-making quality of the functional committee, composition and member election of the functional committee, internal control, etc.

(2) Implementation of the Audit Committee

1. Information of Implementation of the Audit Committee

Information of Implementation of the Audit Committee

Six (6) meetings are held by the Audit Committee in the most recent year (2020) and the conditions of attendance for the independent directors are as follows:

Title	Name	Frequency of Attendance in Person (B)	Frequency of Attendance by Proxy	Rate (%) of Attendance in Person (B/A) (Note)	Remarks
Independent Director a	YANG, DER-YUAN	6	0	100	Reelected in the shareholders meeting on June 17, 2020
Independent Director b	SUN, CHIN-SU	6	0	100	Reelected in the shareholders meeting on June 17, 2020
Independent Director c	CHANG, WEN I	6	0	100	Reelected in the shareholders meeting on June 17, 2020
Other items to be specified: 1. If any of the following circumstances occur for implementation of the Audit Committee, the dates, sessions and the contents of motion of the Board of Directors' meetings, the resolution results of the Audit Committee and the Company's response to the Audit Committee's opinions should be specified: For the details of work highlights and conditions of implementation in the current year, please see Note 1. (1) Matters referred to in Article 14-5 of the Securities and Exchange Act. (2) In addition to the preceding circumstances, other items of resolution which are disapproved by the Audit Committee but approved by two-thirds or more of all directors. As far as the execution conditions of the independent directors' avoidance of motions in conflict of interest is concerned, the independent directors' names, contents of motion, causes for avoidance and voting participation conditions should be specified: None 2. Communications between the independent directors, the Company's chief internal auditor and CPAs (including the material items, for which the communication is conducted in respect of the company's financial and sales conditions, the methods and results, etc.) 3. Explanations: (1) Communications between the independent directors and the Company's chief internal auditor - The chief internal auditor attends the meetings of the Board of Directors and submits the report concerning the auditing business. - After the audit report and the follow-up & improvement report are approved, send the letter via the registered mail with advice, along with the photocopied audit report, to each independent director for their check, prior to the end of the next month when the audit items are completed. - The conditions of communication between the company's independent directors and the chief internal auditor are good. (2) The company's CPAs communicate with the independent directors twice a year. The conditions of their communications: - Meeting dated March 17, 2020: Communicate with the governance sector concerning the items of 2019 audit results of Yieh Hsing Enterprise Co., Ltd. - Meeting dated November 9, 2020: Communicate with the governance sector concerning the 2020 audit planning stages of Yieh Hsing Enterprise Co., Ltd. The conditions of communication between the company's independent directors and the CPAs are good and they all reach a consensus on the related items under communication. For the details of the foregoing items of communication, please visit the website of Yieh Hsing Enterprise Co., Ltd.					

Note:

- * If the independent directors resign prior to the end of the fiscal year, the rate of their attendance in person (%) shall be counted on the basis of frequency of meetings held by the Audit Committee and the frequency of their attendance in person during their tenure of office.
- * If the independent directors are reelected prior to the end of the fiscal year, the new and old independent directors should be both listed and in the column of remarks, the former & new appointment, or reelection and date of reelection for the said independent directors should be specified. The rate of their attendance in person (%) shall be counted on the basis of frequency of meetings held by the Audit Committee and the frequency of their attendance in person during their tenure of office.

Note 1:

(1) The Audit Committee's items of deliberation mainly include:

The Audit Committee of the company is composed of three independent directors. The Audit Committee is designed to assist the Board of Directors with fulfilling its supervision on the quality and integrity when the company carries out the reporting process regarding accounting, auditing and finance as well as the financial control.

The Audit Committee held six meetings in 2020 and the main items of deliberation include:

- ① Auditing of the financial reports and accounting policy & procedures
- ② Internal control systems and related policy & procedures
- ③ Law & regulations compliance
- ④ CPA's credential, independence and performance assessment
- ⑤ CPA's assignment, dismissal and remuneration

(2) Information of the Implementation in the current year (including those items, specified in Article 14-5 of the Securities and Exchange Act):

Act):

Date of Meeting held by the Board of Directors	Contents of Motion and Follow-up Response	Items specified in Article 14-5 of the Securities and Exchange Act	Items of resolution which are disapproved by the Audit Committee but approved by two-thirds or more of all directors
Jan. 10, 2020 First Meeting in 2020	1. Set up the discussion case of the “Corporate Governance Best-Practice Principles” of the company	V	Nil
	Results of the Audit Committee’s Resolution (Jan. 10, 2020): All members of the Audit Committee agree to pass.		
	Company’s response to the Audit Committee’s opinions: All the attending directors agree to pass.		
March 5, 2020 Second Meeting in 2020	1. Intend to abandon the new share subscription of ordinary shares in cash capital increase of the subsidiary company, Kingsgarden International Co., Ltd. in March 2020. Submit the proposal for discussion.	V	Nil
	Results of the Audit Committee (March 5, 2020): All members of the Audit Committee agree to pass.		
	Company’s response to the Audit Committee’s opinions: All the attending directors agree to pass.		
March 17, 2020 Third Meeting in 2020	1. Submit the proposal for deliberation of the company’s 2019 business report, the parent company only financial report and the consolidated financial report.	V	Nil
	2. Submit the proposal for deliberation of the company’s 2019 loss make-up case.		
	3. Assessment of effectiveness of the company’s 2019 internal control system and the discussion case of “Declaration of Internal Control System”		
Results of the Audit Committee ‘s Resolution (March 17, 2020): All members of the Audit Committee agree to pass.			
Company’s response to the Audit Committee’s opinions: All the attending directors agree to pass.			
May 6, 2020 Fourth Meeting in 2020	1. Submit the proposal to discuss the evaluation of the company’s CPA’s remuneration and its dependence of the company in 2020.	V	Nil
	2. Case of discussion on the revision of the company’s “Internal Control System of the Shareholders Service Unit”.		
	3. The case of discussion on the revision of the company’s “Corporate Governance Best- Practice Principles”.		
4. Remove the directors’ non-compete limitation case.			
Results of the Audit Committee ‘s Resolution (May 6, 2020): All members of the Audit Committee agree to pass.			
Company’s response to the Audit Committee’s opinions: All the attending directors agree to pass.			
July 24, 2020 Seventh Meeting in 2020	1. Intend to abandon the new share subscription of ordinary shares in cash increase of the subsidiary company, Great Emperor Hotel Co., Ltd. The proposal is submitted for discussion.	V	Nil
	Results of the Audit Committee’s Resolution (July 24, 2020): All members of the Audit Committee agree to pass.		
	Company’s response to the Audit Committee’s opinions: All the attending directors agree to pass.		
Nov. 9, 2020 Ninth Meeting in 2020	1. Submit the proposal to discuss the company’s “Audit Plan in 2021”.	V	Nil
	Results of the Audit Committee’s Resolution (November 9, 2020): All members of the Audit Committee agree to pass.		
	Company’s response to the Audit Committee’s opinions: All the attending directors agree to pass.		

(3) Corporate Governance Implementation Status, its Variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason for Variance

Corporate Governance Implementation Status, its Variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason for Variance

Evaluation Item	Implementation Status (Note 1)			Variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason for Variance
	Yes	No	Summary Description	
I.Does the company establish and disclose the corporate governance best-practice principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has established the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”, which has been disclosed on the Company’s website and the Market Observation Post System.	No significant variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
II.Shareholding Structure and Shareholder Equity		V		
(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement it, based on the procedure?		V	(1) The company sets up the Shareholders Service Section in charge of dealing with the shareholders’ suggestions or disputes, or we have provided the contact website address on the shareholders service part of our website to respond to the shareholders’ questions, if they raise any question. However, we have not established the internal operating procedure, which has been taken into consideration.	(1) The establishment of the internal operating procedure related to handling the shareholders suggestions or disputes has been taken into consideration.
(2) Does the company have control of the list of its major shareholders as well as the ultimate owners of those shares?	V		(2) We have control of the list of our major shareholders as well as the ultimate owners of those shares.	No significant variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” for Items (2), (3) & (4).
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3) We have built up the proper risk management system and firewall in accordance with such related regulations as “Supervision and Management of Subsidiaries”, “Loaning of Funds and Making of Endorsements and Guarantees”, “Acquisition and Disposal of Assets” .	
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		(4) The shareholding report of the company’s insiders is handled pursuant to the relevant regulations and instructions for the insider trading of the company (Article 157-1, the Securities and Exchange Act); besides, we have established “Procedure for Handling Material Inside Information” in order to manage the insider’s behaviors and “Management Operation of Insider Trading Prevention” for all employees of the company to comply with.	

Evaluation Item	Implementation Status (Note1)			Variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason for Variance
	Yes	No	Summary Description	
III.Composition and Responsibilities of the Board of Directors				
(1) Does the Board of Directors develop and implement a diversified policy for the composition of its members?	V		(1) The Board of Directors' Concrete Management Policy for the diversified policy for the composition of its members: 1. The nomination and election of the Board of Directors' members is pursuant to the regulations of the Articles of Incorporation, which adopts the nomination system for the evaluation of each candidate's credentials and complies with “Director's Election Regulations” and “Corporate Governance Principles” for the purpose of ensuring the diversity and independence of the director members. 2. In order to strengthen the governance of the company and promote the solid development of the Board of Directors' composition and structure, we revise Paragraph 2 of Article 20 of the “Corporate Governance Best-Practice Principles” in 2020 concerning “Diversified Policy of the Board of Directors' Members”, which indicates: the composition of the Board of Directors should take into consideration the company's type of operation and the business development needs, and further evaluate a variety of diversified aspects, for example, basic composition (e.g. gender, nationality, age, etc.), expertise and skills (e.g. accounting, law, industry, finance, etc.) Our current Board of Directors is composed of seven directors, including four directors and three independent directors. They have ample experience and professionalism in such areas as industry knowledge, operation judgment, international market, finance & accounting, tax, commerce and management, etc. The directors in an employee capacity in the company accounts for 43%, the independent directors for 43% and two independent directors have their 3rd tenure of office, while one has his 2nd. The age of three directors is over 70, 2 between 60 ~69 and 2 below 60. 3. For the details related to the implementation of diversity of the Board of Directors' member: See Note 1.	(1) No significant variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	(2) The company has not voluntarily set up other functional committees so far.	(2) In the future, other functional committees will be established, depending on the company's future operation.
(3) Does the company establish the evaluation rules and method for the performance of the Board of Directors in order to conduct the performance evaluation on a regular basis each year and submit its results with the Board of Directors for reference to determine the individual director's salary & remuneration and nomination for reelection?	V		(3) The company has set up the “Board of Directors' Performance Evaluation Regulations” and submitted the 2020 results of the director's performance evaluation with the Board of Directors.	(3) No significant variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
(4) Does the company regularly evaluate CPAs' independence?	V		(4) The company regularly conducts the CPAs' independence evaluation each year. On May 5, 2021, the Board of Directors has evaluated those CPAs who are assigned by Crowe (TW) CPAs, our appointed CPAs in 2021, to audit and certify the company's financial reports and we found that they do not violate the regulation of independence, as stipulated in such acts as the Accounting Act. Therefore, the company permits them to take charge of the auditing and certification of the current year's financial reports and the CPAs also prepare the “Declaration of Independence”, accompanied with the evaluation list of CPAs' independence and the evaluation instructions as per Note 2.	(4) No significant variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status (Note1)			Variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason for Variance
	Yes	No	Summary Description	
IV. Do TWSE/TPEX listed companies establish the eligible corporate governance personnel in proper number of persons and appoint the chief corporate governance officer, to take the responsibility for the related corporate governance affairs (including but not limited to providing the directors and supervisors with information required for the business execution, helping the directors and supervisors comply with the acts, handling the related matters of the meetings of the Board of Directors and the Board of Shareholders, preparing their proceedings, etc.?)	V		IV. The financial sector of the company works concurrently as the corporate governance unit. On January 29, 2021, the Board of Directors established the chief corporate governance officer, responsible for the related corporate governance affairs and the financial vice president is appointed as the chief corporate governance officer, who has over 3-year management work experience in finance, shareholders’ affairs or meeting affairs. His main duties are to provide the directors with information required for the business execution, helping them comply with the acts, handling the matters related to the meetings of the Board of Directors and the Board of Shareholders, according to the law, preparing the proceedings of the Board of Directors and the Board of Shareholder and other matters, as stipulated in the Articles of Incorporation or contracts. The chief corporate governance officer intends to complete the 18-hour courses of further study, required for the initial appointment. The business execution status in 2020 is described as follows: 1. Assist the directors with understanding the up-to-date acts for compliance with the related regulations, so that the Board of Directors and the Board of Shareholders can be legally operated. 2. Prepare the proceedings of nine meetings of the Board of Directors and one meeting of the Board of Shareholders in 2020. 3. Conduct the 6-hour further study courses for the members of the Board of Directors in order to help them understand the revision of the latest acts and the directions of compliance. 4. Assist in the matters of compliance in respect of the proceedings and resolutions of the Board of Directors and the Board of Shareholders: Report the implementation status of the corporate governance of the company with the Board of Directors and the Audit Commission and confirm if the meetings of the Board of Directors and the Board of Shareholders are summoned in compliance with the related laws and the Corporate Governance Best-Practice Principles. 5. Handle the advance registration of the meeting date of the Board of Shareholders according to the law, prepare the meeting notices, agenda handbooks, proceedings, the revision of the memorandum or reelection of the directors. 6. Handle the Institutional Investor Conference in 2020 and build up the diversified channel of communication with the investors.	No significant variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status (Note1)			Variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason for Variance
	Yes	No	Summary Description	
V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers, etc.) and properly respond to the important issues they are concerned with in terms of corporate social responsibilities?	V		The company keeps a smooth communication channel with the correspondent banks and other creditors, employees, consumers or stakeholders in the community or company. We also respect and maintain the legal rights they should have; besides, the company has completed the establishment of the designated section of “Stakeholder”, along with the contact window of each responsible unit. We issue the questionnaires designed for different stakeholders to fill out, which are used to understand the significant issues the stakeholders concern, so as to adjust the company’s operation policy.	No significant variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
VI. Does the company appoint a professional shareholder service agency to deal with the shareholder affairs?	V		The company handles the shareholder service and the shareholder meeting affairs by itself. Its related shareholder service personnel all obtain the license and regularly receive the further study, so that the shareholder meetings can be summoned under the premise of legality, effectiveness and safety.	No significant variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
VII. Information Disclosure				
(1) Does the company set up the website to disclose the information regarding finance, sales and corporate governance?	V		(1) The company has set up the website to disclose the information related to sales, finance and corporate governance. The investors can also check the related information on the Market Observation Post System.	For (1) & (2), no significant variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” is found. (3) We would actively improve the filing conditions of the financial reports.
(2) Does the company adopt other information disclosure methods (e.g. building an English website, appointing the designated person to handle the information collection and disclosure, creating a spokesman system, webcasting the institutional investor conferences, etc.)?	V		(2) The company has appointed the designated person in charge of the collection and disclosure of the company information and we have carried out the spokesman system, subject to the law. The institutional investor conference in 2020 has been held, the video of which has been placed in the company’s website.	
(3) Does the company publish and file the annual financial reports within two months at the end of the fiscal year and pre-publish and report Q1, Q2 & Q3 financial reports and each month’s operational status within the specified deadline?		V	(3) Up to the present, we have not published and filed the annual financial reports within two months at the end of the fiscal year, neither have we pre-published and filed Q1, Q2 & Q3 financial reports and each month’s operational status within the specified deadline. We would actively improve such a circumstance in the future.	

Evaluation Item	Implementation Status (Note1)			Variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason for Variance
	Yes	No	Summary Description	
VIII. Is there any other important information to facilitate a better understanding of the corporate governance practices (including but not limited to employee rights, care for employees, investor relations, supplier relations, rights of stakeholders, conditions of the directors’ & supervisors’ further study, execution conditions of risk management policy as well as risk measurement standards, execution conditions of customer policy, conditions where the company purchases the liability insurance for the directors and supervisors, etc.)?	V		1. Our business philosophy is to make ongoing investment, upgrade the business energy, enhance the items and quality of the products and service and let the company, employees and customers grow simultaneously. Besides, we continue to make efforts in operation, protect the investors’ rights, optimize the environmental protection, maintain the social resources, exercise due diligence on the business responsibilities and give feedbacks to the society. 2. The “Directors’ Further Study Status” of the company is as per Note 3. 3. For details of the manager’s participation in the corporate governance related to further study and training, please see Note 4. 4. At any time, we have control and understanding of the related rules and regulations, stipulated or revised by the competent authority in order to reduce the potential risks of the company’s operation. 5. The company has purchased the liability insurance for all directors and supervisors and reported the contents of coverage with the Board of Directors on July 24, 2020. 6. The company has provided the directors with the information concerning the related regulations and further study courses at any time. 7. The company offers the networking platform, the contact telephone no. and mail box of the shareholder service to the shareholders and investors as the channel of communication. We also provide the company’s transparent information in order for the suppliers and stakeholders to understand the internal overview of the company.	No significant variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
IX. Please describe the improvement status, based on the corporate governance assessment results, published by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year and propose the matters to be strengthened on a priority basis and measures. (Those companies which are not included in the evaluation do not need fill up the list. For details, please see Note 5.				

Note: No matter what “Yes” or “No” is ticked for the implementation status, the column of “Summary Description” should be specified.

Note 1: The related status of implementation is as per the following table:

Implementation Status of Diversity for Members of the Board of Directors

Core Items of Diversity Name of Directors	Age	Gender	Nationality	1	2	3	4	5	6	7	8
				Operation Judgment	Operation Management	Finance & Accounting	Risk Disposal	Industry Knowledge	International Market	Leadership	Decision-making Ability
WU, LIN-MAW	66	Male	Taiwan, R.O.C.	V	V	V	V	V	V	V	V
LIN, I-SHOU	80	Male	Taiwan, R.O.C.	V	V	V	V	V	V	V	V
CHEN, SEN-LONG	61	Male	Taiwan, R.O.C.	V	V	V	V	V	V	V	V
SU, YU-KUN	51	Male	Taiwan, R.O.C.	V	V	V	V	V	V	V	V
YANG, DER-YUAN	57	Male	Taiwan, R.O.C.		V	V	V		V	V	V
SUN, CHIN SU	78	Male	Taiwan, R.O.C.			V	V			V	V
CHANG, WEN I	71	Male	Taiwan, R.O.C.			V	V			V	V

Note 2:

**YIEH HSING ENTERPRISE CO., LTD.
CPAs' INDEPENDENCE EVALUATION**

Subject for Evaluation: Members of the Audit Service Team of Crowe (TW) CPAs, other Joint CPAs, Accounting Firm and its Affiliates

Item No.	Item of Evaluation	Checkup
1	Do not serve as the director, supervisor, manager or any post which makes the significant impact	Yes
2	Not a stakeholder of the company	Yes
3	There is no direct or indirect conflict of interest on the company.	Yes
4	There is no joint venture or profit share with the company.	Yes
5	Do not directly or indirectly hold over 1/100 of the total issued shares of Yieh Hsing Enterprise Co., Ltd. and are not ranked in the top ten individual shareholders in terms of the shareholding.	Yes
6	Are not appointed for the certification service consecutively for 7 years.	Yes
7	Obtain and issue the "Declaration of Independence".	Issued each year

It is evaluated that those CPAs who are assigned by Crowe (TW) CPAs, our appointed CPAs in 2021, to audit and certify the company's financial reports do not violate the related regulation of independence, as stipulated in such acts as the Accounting Act. Therefore, the company suggests to permit them to take charge of the auditing and certification work of the current year's financial reports.

Note 3:

Conditions of Director's Further Study							
Title	Name	Date elected	Dates of Further Study		Sponsoring Unit	Name of Course	Hours of Further Study
			From	To			
Representative of the Corporate Director	WU, LIN-MAW	17/06/2020	07/10/2020	07/10/2020	Taiwan Corporate Governance Association	New Thought of Intellectual Property Management	6.0
						Trend and Challenge of Information Security Governance	
Representative of the Corporate Director	LIN, I-SHOU	17/06/2020	07/10/2020	07/10/2020	Taiwan Corporate Governance Association	New Thought of Intellectual Property Management	3.0
						Trend and Challenge of Information Security Governance	
Representative of the Corporate Director	CHEN, SEN-LONG	17/06/2020	07/10/2020	07/10/2020	Taiwan Corporate Governance Association	New Thought of Intellectual Property Management	6.0
						Trend and Challenge of Information Security Governance	
Representative of the Corporate Director	SU, YU-KUN	17/06/2020	07/10/2020	07/10/2020	Taiwan Corporate Governance Association	New Thought of Intellectual Property Management	6.0
						Trend and Challenge of Information Security Governance	
Independent Director	YANG, DER-YUAN	17/06/2020	07/10/2020	07/10/2020	Taiwan Corporate Governance Association	New Thought of Intellectual Property Management	6.0
						Trend and Challenge of Information Security Governance	
Independent Director	CHANG, WEN I	17/06/2020	07/10/2020	07/10/2020	Taiwan Corporate Governance Association	New Thought of Intellectual Property Management	6.0
						Trend and Challenge of Information Security Governance	
Independent Director	SUN, CHIN-SU	17/06/2020	24/08/2020	24/08/2020	Professional Educational Association of the National United Associations	Real Estate Trust and Joint Building and Land	6.0

Note 4:

Conditions of Further Study and Training for Managers' Participation in Corporate Governance							
Title	Name	Date Initially elected	Dates of Further Study		Sponsoring Unit	Name of Course	Hours of Further Study
			From	To			
Chairman	WU, LIN-MAW	20/11/2008	07/10/2020	07/10/2020	Taiwan Corporate Governance Association	1. New Thought of Intellectual Property Management 2. Trend and Challenge of Information Security Governance	6.0
President	CHEN, SEN-LONG	05/10/2016	07/10/2020	07/10/2020	Taiwan Corporate Governance Association	1. New Thought of Intellectual Property Management 2. Trend and Challenge of Information Security Governance	6.0
Vice President	CHEN, YUNG-HSIEN	20/11/2008	21/02/2020	21/02/2020	Taiwan Corporate Governance Association	Trend and Risk Management of Digital Technology and Artificial Intelligence	3.0
Chief Accounting Officer	WANG, T. H.	01/05/2007	09/07/2020	10/07/2020	Accounting Research and Development Foundation	Ongoing Further Study Program for the Principal Accounting Officers of Issuers, Securities Firms and Securities Exchanges	12.0

Note 5:

Corporate Governance Assessment Indicator	Improved	Corporate Governance Assessment Indicator	Improved
Does the company fully and correctly disclose the cause for discussion and resolution results of the Remuneration Committee as well as the company's response to its members' opinions in the annual report?	The complete disclosure has been made in the 2020 annual report.	Does the company establish the chief corporate governance officer to take charge of the related corporate governance affairs and describe in the company's website and the annual report the scope of responsibilities, the highlights of the business execution and the conditions of further study in the current year?	The complete disclosure has been made in the 2020 annual report.
Does the company disclose in the company's website and the annual report the concrete implementation plan and effects of implementation in respect of the business social responsibility on a regular basis?	The complete disclosure has been made in the 2020 annual report as well as the company's website.	Does the company upload the annual report within 16 days before the regular shareholder meeting is held?	The company has uploaded the information, as scheduled in 2020.
Corporate Governance Assessment Indicator	For the non-improved part, propose the matters to be strengthened on a priority basis and measures	Corporate Governance Assessment Indicator	For the non-improved part, propose the matters to be strengthened on a priority basis and measures.
Does the company set up the diversity policy for the members of the Board of Directors and disclose its concrete management goal and implementation status in the company's website and the annual report?	Intend to make the disclosure in 2020 annual report and the company's website.	Does the company upload the annual financial reports, disclosed in English, within 7 day before the regular shareholder meeting is held?	Intend to upload the information, as scheduled in 2021.

(4) If the company establishes the Remuneration Committee, its composition, responsibilities and implementation status should be disclosed:

1. Information of the Remuneration Committee's Members

Type of Status (Note 1)	Criteria	Have over five-year work experience and the following professional qualification?			Independence Criteria (Note 2)										Number of Other Public Listed Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Remarks
		An instructor or higher position in a Division of commerce, law, finance, accounting, or other academic division related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession, required by the business of the Company	Has work experience in the areas of commerce, law, finance, accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director or	YANG, DER-YUAN	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	Reelected on Jun. 17, 2020
Independent Director or	CHANG, WEN I		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	Reelected on Jun. 17, 2020
Independent Director or	SUN, CHIN-SU		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	Reelected on Jun. 17, 2020

Note 1: List director, independent director or others in the type of status.

Note 2: Please tick "✓" in the blank box below the code of each condition, if each member meet one of the following conditions during the two years prior to being elected or during the tenure of office.

- (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. (However it is not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)
- (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 ranking in the top 10 in holdings.
- (4) Not a spouse, or relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a manager falling under (1) or of any of the persons in (2) & (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Paragraph 1 or 2, Article 27 of the Company Act. (However it is not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)
- (6) Not a director, supervisor, or employee of the other company in which a majority of the company's director seats or voting shares and those of any other company are controlled by the same person. (However it is not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)
- (7) Not a director (or governor), supervisor, or employee of that other company or institution, if the chairperson, vice president, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. (However it is not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)
- (8) Not a director, supervisor, executive officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (However, it is not applicable in cases where the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the company and the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof. This restriction does not apply, however, to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Do not involve any one of conditions specified in Article 30 of the Company Act.

2. Implementation of the Remuneration Committee

- (1) There are three committeemen in the Remuneration Committee of this company.
- (2) Tenure of Office of the Committeemen for this anniversary: From June 17, 2020 to June 16, 2023. Two meetings are held by the Remuneration Committee in the most recent year (2020) and the qualifications of the committeemen and the conditions of their attendance are as follows:

Title	Name	Frequency of Attendance in Person (B)	Frequency of Attendance by Proxy	Rate (%) of Attendance in Person (B/A) (Note 1)	Remarks
Convener	YANG, DER-YUAN	2	-	100%	Reelected on June 17, 2020
Committee-man	SUN, CHIN-SU	2	-	100%	Reelected on June 17, 2020
Committee-man	CHANG, WEN I	2	-	100%	Reelected on June 17, 2020
Other items to be specified: 1. If the Board of Directors does not adopt or revise the suggestions of the Remuneration Committee, the dates, sessions and the contents of motion of the Board of Directors' meetings, the resolution results of the Board of Directors and the Company's response to the Remuneration Committee's opinions should be specified. (For example, if the remuneration, passed by the Board of Directors is higher than that, as suggested by the Remuneration Committee, its difference and reason should be specified): No such a condition is involved. For details, please see Note 2. If the member makes an objection or reserves opinions, accompanied with the records or written statement concerning the Remuneration 2. Committee's items of resolution, the dates, sessions, contents of motions, all members' opinions and response to the members' opinions should be specified: No such a condition is involved. For details, please see Note 2.					

Note 1:

- (1) If the members of the Remuneration Committee resign prior to the end of the fiscal year, the date of release should be specified in the column of "Remarks"; the rate of their attendance in person (%) shall be counted on the basis of frequency of meetings held by the Remuneration Committee and the frequency of their attendance in person during their tenure of office.
- (2) If the remuneration committeemen are reelected prior to the end of the fiscal year, the new and old remuneration committeemen should be both listed and in the column of remarks, the former & new appointment, or reelection and date of reelection for the said members should be specified. The rate of their attendance in person (%) shall be counted on the basis of frequency of meetings held by the Remuneration Committee and the frequency of their attendance in person during their tenure of office.

Note 2:

Remuneration Committee	Contents of Motion and Follow-up Response	Resolution Results	The Company's Response to the Remuneration Committee's Opinions
The 5 th meeting of the 4 th Anniversary Jan. 10, 2020	Case 1: Discuss the case of the year-end bonus and special incentive bonus for the chairman and managers of the company in 2019. Case 2: Discuss the case of the year-end consolation money for the independent directors of the company in 2019. Case 3: Discuss the case of the year-end consolation money for the committeemen of the company's Remuneration Committee in 2019.	All attending committeemen agree to pass.	Report with the Board of Directors and all attending directors agree to pass.

Remuneration Committee	Contents of Motion and Follow-up Response	Resolution Results	The Company's Response to the Remuneration Committee's Opinions
The 1 st meeting of the 5 th Anniversary June 29, 2020	Case 1: Discuss the case of the performance evaluation and remuneration system & structure for the directors and managers of the company. Case 2: Discuss the salary structure and payment amount of the company's chairman. Case 3: Discuss the salary structure and payment amount of the company's managers. Case 4: Discuss the monthly-received travelling expenses for the directors of the company (excluding the independent directors). Case 5: Discuss the remuneration of the company's independent directors. Case 6: Discuss the remuneration of the committeemen of the company's Remuneration.	All attending committeemen agree to pass.	Report with the Board of Directors and all attending directors agree to pass.

3. The function of the Remuneration Committee is to regularly review the remuneration in a professional and objective capacity.

The function of the company's Remuneration Committee is to evaluate the remuneration policy and system of the directors and managers of the company. It holds the meetings at least twice a year and, if necessary, it will call up the meeting anytime to propose the suggestions with the Board of Directors for its reference in the decision-making process.

The duties and responsibilities of the company's Remuneration Committee include:

- i. Set up and regularly review the performance evaluation and the policy, system, standards and structure of remuneration for the directors and managers of the company.
- ii. Evaluate on a regular basis the directors' and managers' remuneration.

(5) Performance of Corporate Social Responsibility, its Variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason for Variance

Performance of Corporate Social Responsibility, its Variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason for Variance

Evaluation Item	Implementation Status (Note 1)			Variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason for Variance
	Yes	No	Summary Description (Note 2)	
I. Does the company conduct the risk evaluation on such issues of environment, society and corporate governance, related to the company’s operation, pursuant to the materiality principle and establish the relevant risk management policy or strategy? (Note 3)	V		I. The company conducted a questionnaire survey on 20 issues which the stakeholders may concern in 2020 and a total of five items are identified to be the significant issues that the stakeholders concern most, i.e. respectively labor relations, employee welfare & salary, customer service, environment policy/management system, water resources use and control of waste water drainage. The authority concerned of the company has separately drawn up the management policy of the risk identification in respect of the above-mentioned five significant issues, including policy or commitment, short, medium & long term goals, distribution of responsibilities, input resources and concrete action projects, etc. For details, see CSR Report of Yieh Hsing Enterprise Co., Ltd. in 2020.	The company has stipulated the corporate social responsibility best-practice principles, which can be followed for the related implementation.
II. Does the company set up the unit exclusively (concurrently) in charge of carrying out the corporate social responsibility and the Board of Directors authorize the senior management personnel to dispose and report the disposal status with the Board of Directors?	V		II. In order to carry out the implementation of the corporate social responsibility and sustainable operation and management, the company combines its own core abilities and social good, enhances public welfare to win recognition from the society, and further creates the business opportunities and competition. We set up the “Social Responsibility and Sustainable Development Committee” where the president serves as the chief committeeman. We also set up five groups and one integrated implementation team, according to the functions of the company organization. The management aspect and the responsible unit of each group are as follows: 1. Corporate Governance Group: take charge of the internal control system, finance & accounting system, operation performance, risk management, financial communication, etc. Its overall planner is the President’s Office.	

Evaluation Item	Implementation Status (Note 1)			Variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason for Variance
	Yes	No	Summary Description (Note 2)	
			2. Energy Resources Management Group: the main development aspects include energy saving, water saving, carbon reduction, waste reduction, etc. The overall planner is the Production Division of Gangshan/Pingnan Works. 3. Environmental Safety and Health Management Group: the main development aspects include environment of safety and health, disaster prevention, environmental protection responsibility, organizational communication of environment, environment audit and improvement, etc. The Industrial Safety and Health Room works as the overall planner. 4. Product Liability Group: the main development aspects include quality assurance, consideration and design of product environment, communication of product environment, product security, technical patent, customer satisfaction, management of supply chain, etc. Its overall planner is the Technology Division. 5. Employee and Society Participation Group: the main development aspects include manpower recruitment, talent cultivation, labor relations, employment care, participation in community, charity & good, etc. The Administration and Management Division works as the overall planner. 6. Integrated Implementation Team: the president’s office is the concurrent service unit, taking the responsibilities of implementing the CSR policy, tracking the corporate social responsibility goal/policy execution status of each division and consolidating the CSR Report of Yieh Hsing Enterprise Co., Ltd. in 2020 and submitting the regular reports with the Board of Directors each year.	
III. Environment Issue (1) Does the company build up the appropriate environment management system on the basis of its industry features?	V		(1) The company has implemented and established the environment management system and rules in accordance with ISO14001:2015 Management System, which have obtained the verification of ISO14001:2015 in January 2018.	(1) No significant variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item		Implementation Status (Note 1)			Variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason for Variance
		Yes	No	Summary Description (Note 2)	
III.	Environment Issue				
(2)	Does the company endeavor to enhance the utilization efficiency of various resources and use the recycled materials which make the low impact on the load of environment?	V		(2) The company classifies the resource materials for recycling and assigns the legal institution to recycle them.	(2) No significant variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
(3)	Does the company evaluate the present and future potential risks and opportunities, which the climate change brings to the business, and adopt the countermeasures on the climate-related issues?	V		(3) The company keeps its eyes closely on the global climate change trend and include the conduction of risk and opportunity identification for the corporate sustainable development in terms of the issues related to climate change, including the conduction of identification and evaluation of the physical impact from the extreme climate as well as the risks and opportunities, caused by the regulations, techniques, market, resource efficiency and new energy, etc. for the operational activities of the company. We include the evaluation results in the management measures so as to reinforce the company’s governance of climate change, reduce risks and grasp the business opportunities. For the company’s evaluation on the climate change issue, please see the CSR Report of Yieh Hsing Enterprise Co., Ltd. in 2020.	(3) The company has stipulated the corporate social responsibility best-practice principles, which can be followed for the related implementation.
(4)	Does the company make the statistics on the volume of room temperature gas emission, water use as well as the gross weight of waste and establish the policy of the energy saving & reduction of carbon, room temperature gas & water use or other waste management?		V	(4) The company has formulated, implemented a number of energy saving and carbon reduction plans. We conduct the room temperature gas check in keeping with the Industrial Development Bureau and file the report regularly in February each year. In the future, we intend to authorize the qualified inspection institution of room temperature gas, accepted by the central competent authority to conduct the verification processing. For details, see the CSR Report of Yieh Hsing Enterprise Co., Ltd. in 2020.	(4) The company has stipulated the corporate social responsibility best practice principles of the company, which can be followed for the related implementation.

Evaluation Item		Implementation Status (Note 1)			Variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason for Variance
		Yes	No	Summary Description (Note 2)	
IV. Issue on Society		V		(1) The company is based on the human rights principle of equal employment opportunities for nationals. When hiring employees, it is based entirely on professional ability and experience, with different considerations. Since its establishment, it has never hired child labor. In 2020 years, there has been no violation of human rights or discrimination in the employment of employees, and Fully comply with the relevant provisions of the "Labor Standards Law", "Employment Service Law" and "Gender Work Equality Law". In addition to local laws and regulations, the company supports and follows the "United Nations Universal Declaration of Human Rights", "United Nations Global Covenant", "International Labor Organization Convention" and other internationally recognized human rights conventions and standards, and establishes fair, reasonable and friendly treatment and respect For the spirit of all employees, please refer to the 2020 Yexing Enterprise CSR Report	No significant variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
(1) Does the company formulate the related management policies and procedures according to the relevant regulations and the International Bill of Human Rights?					
(2) Does the company formulate and implement the reasonable employee welfare measures (including remuneration, vacation and other welfares, etc.) and properly reflect its operation performance or results on the employee’ remuneration?		V		(2) We realize the equality in remuneration, employment conditions, training and promotion opportunity in order to build up a harmonious work environment; the work time is based on the regulations of the labor acts with a view to ensuring that the employees will be not exposed to the risk of prolonged work hours, which further brings the abnormal workload. We also permit the employee’s application for the special leaves at a unit of 2 hours and allow them to extend the work hours for overtime, on-duty, etc., for which they can choose the compensatory leave or overtime fee, so that they will have more flexibility in concurrently taking care of work and family. We also provide multiple subsidy application measures, including various allowances of childbirth, marriage, travelling, funeral, consolation for hospitalization due to ordinary injury/injury on duty, etc. Besides, we offer the student grant, incentive, etc. for which the employee’s children can apply. We distribute the sales and marketing bonus, depending on the operation performance of monthly sales and marketing of the company, along with the individual performance. Additionally, the year-end performance bonus will be distributed, subject to the operational profit status of the company throughout the year and the individual performance.	No significant variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status (Note 1)			Variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason for Variance
	Yes	No	Summary Description (Note 2)	
(3) Does the company provide the employees with a safe and healthy work environment and conduct the safety and health education for the employees?	V		(3) The company implements the regular health examination for the on-the-job labors and conducts the safety and health education for the employees on a regular basis. With regard to the software, we build up the system records, initiate the managers’ comprehensive and active care. In addition, we invite the occupational physicians and health administrators of the E-Da Hospital to render the on-site service once a month and regularly conduct the health symposium and carry out such activities as the tobacco free workplace, etc. for the purpose of promoting the employee’s health.	No significant variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
(4) Does the company build up an effective career ability development plan for the employees?	V		(4) The company offers the internal training courses and external educational courses for the purpose of upgrading the employees’ career ability development.	
(5) Does the company comply with the related regulations and international standards pertinent to the product & service customers’ health and safety, customers’ privacy, marketing and labeling, and establish the policy and appealing procedures related to the protection of the consumer’s rights?	V		(5) The certifications which our products have obtained include ISI FMCS of India, PED/AD2000-WO and Rebar CNS Certification; as for the product and service marketing and labeling, the company all follows the relevant regulations and international standards. The company assumes the responsibility of privacy protection for the company and personal information which the customers provide. Without the customers’ consent, we never disclose the recorded company and personal information for the third party’s use or for other purpose without advance notice; we strictly manage the customers’ information, respect the customers’ privacy right and obey the marketing ethics. We think highly of the customer’s response and opinions. In order to maintain the customer’s rights, we provide the optimal service with the concrete actions as follows:	

Evaluation Item	Implementation Status (Note 1)			Variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason for Variance
	Yes	No	Summary Description (Note 2)	
(6) Does the company establish the supplier management policy and request the suppliers to comply with the related regulations on such issues as environmental protection, occupational safety and health or labor human rights as well as the implementation status?	V		1. Set up the customer’s complaint channel and build up the customer complaint management system in order to upgrade the service quality and ensure the customer’s rights. 2. Conduct the regular survey on the customer satisfaction as an indicator of internal assessment. 3. Provide the complete pre-sale and after- sale service. 4. Provide the complete standard form contract of the product information at the time of selling. 5. The Technology Division and the Marketing and Sales Unit should irregularly visit the customers on their own each year, inquire their opinions, listen to their suggestions, actively ask for the product quality & use status and further give the customers the suggestions on the use of products. (6) The company sets up the “Purchasing Safety and Health Management Rules”, which applies to its requirements for the purchase of machinery, equipment and raw materials and supplies. We further establish the “Environment Safety and Health Communication Management Rules”, which applies to the communications between each unit and levels in the company’s organizational system, subcontractors, contractors, customers, environmental protection groups, governmental authorities and adjacent factories & communities. We evaluate with deliberation whether the supplier involves the records of making impact on the environment and society in the past. In order to ensure that the suppliers follow the related environment regulations, reduce the impact on the environment, strengthen control of the hazardous matter of steel products and further take the safety & health and pollution prevention into consideration, we ask all suppliers to submit the “No Radiation Certificate” and to comply with all domestic and foreign rules of RoHS, MSDS etc. so as to reduce the risk of the hazardous matter contained in products and maintain the balance and development of the environmental ecology. We regularly audit the suppliers and conduct scoring in the evaluation list on the basis of such items as ISO9000 certification, delivery status, after-sale service, etc. and then we select the appropriate suppliers; in practice, we control the delivery status; in case of any doubt with the quality, we will communicate with the suppliers, ask them to improve and provide the quality certificate by passing the technical and competent chief officer’s inspection, so that the delivery of material and quality are doubtless. We get to understand the mineral source and processing by way of the management of supply chain’s manufacturers; we would not conduct the purchasing assessment on those minerals which involve conflict and doubt. Besides we also care and assess the supplier’s occupational safety, social impact, protection of human rights, etc. In 2020, each supplier provides the materials which meet the foregoing requirements and no cases of the impact on society and environment occurs.	No significant variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status (Note 1)			Variance from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason for Variance
	Yes	No	Summary Description (Note 2)	
V. Does the company refer to the international standards or guidelines for the preparation of reports to prepare such reports as the corporate social responsibility report which disclose the information other than finance? Does the foregoing report obtain the assurance or guarantee opinions from the third party verification unit?		V	The company’s corporate sustainability report is prepared in conformity with the standards and guidelines in the Global Reporting Initiative (referred to as GRI), adopting the core option disclosing principle. Regarding the information of corporate governance related to the corporate social responsibility, the company regularly publishes the “Corporate Sustainability Report” in our website and the Market Observation Post System. In the future, we would strive for obtaining the third party verification unit’s assurance or guarantee opinions.	The company has stipulated the corporate social responsibility best-practice principles, which can be followed for the related implementation.
VI. If the company has established its own corporate social responsibility best-practice principles, pursuant to the “Corporate Social Responsibility Best-practice Principles for TWSE/TPEX Listed Companies”, please describe the implementation and its variance from the said principles: We have established the corporate social responsibility best-practice principles and the execution status of our corporate social responsibility is consistent with the “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies, as stated above.				
VII. Other important information which is helpful for understanding the implementation of the corporate social responsibility: The company discloses in the current year’s annual financial report our execution results of corporate social responsibility each year and irregularly updates the latest information in our website where each stakeholder can jointly review the execution status and results of corporate social responsibility of the company.				

Note 1: If “Yes” is ticked for the implementation status, please explain the important policy, strategy and measures adopted; if “No” is ticked, please explain the reasons and describe the plan of the policy, strategy and measures adopted in the future.

Note 2: For those companies which have prepared the corporate social responsibility report, a note should be put in the column of implementation status the way how one can check with the corporate social responsibility report and the page no. of index instead.

Note 3: The materiality principle refers to the significant impact made by the social and corporate governance on the company’s investors and other stakeholders.

(6) Performance Status of Ethical Corporate Management, its Variance from “the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reason for Variance

Performance Status of Ethical Corporate Management, its Variance from “the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reason for Variance

Evaluation Item		Implementation Status (Note 1)			Variance from “the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reason for Variance
		Yes	No	Summary Description	
I.	Establish Ethical Corporate Management Policy and Program				
(1)	Does the company establish the ethic corporate management policy, passed by the Board of Directors and expressly indicate the policy and practice in the regulations and external documents and are the Board of Directors & the high-ranking management personnel committed to carry out the operation policy?		V	(1) The company has not set up the ethical corporate management policy, passed by the Board of Directors, but our Board of Directors has approved the “Codes of Ethical Conduct” and made commitments to actively implement the corporate governance.	No significant variance from “the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” for (1) & (2)
(2)	Does the company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention of immoral conduct programs accordingly, covering at least the prevention measures of the conduct, as prescribed in each subparagraph of Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for the TWSE/TPEX Listed Companies”?	V		(2) Those personnel whose contents of work is related to finance, sales and purchase should hand in the “Employee Guarantee” and the on-the-job personnel should renew it per three years; if the employee fails to hand in or update the “Employee Guarantee” every three years, he/she should ensure the “employee performance bond”.	No significant variance from “the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” for (1) & (2)
(3)	Does the company clearly stipulate the processing procedures, conduct guideline, and violation discipline & complaint system, carry out the execution and review & revise the above-described program on a regular basis?		V	(3) With the establishment of the “Codes of Ethical Conduct”, the company formulates the work rules and reward & punishment regulations for the employees, who abide by the standards via the employee’s training and education.	(3) Cross-referring to Article 6 & Article 7 of the “the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, the current stipulated operation procedures only regulate the employees.
II.	Implementation of Ethical Corporate Management				
(1)	Does the company evaluate the business partners’ ethical records and expressly stipulate the clause of ethical conduct in contracts, signed with them?	V		(1) The company’s operation really complies with the Company Act, the Securities & Exchange Act, the Business Entity Accounting Act and other related laws and we will refer to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX listed companies to enhance the completeness of the employee’s work rules in order to carry out the actions of ethical corporate management.	No significant variance from “the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”
(2)	Does the company set up the exclusively dedicated unit, subordinated with the Board of Directors, to implement ethical corporate management and regularly report (at least once a year) its ethical corporate management policy, the prevention of immoral conduct programs as well as the supervision & execution status with the Board of Directors?		V	(2) The company’s Management Division establishes “Employee Work Rules” and “Reward & Punishment Rules” for the employees’ compliance.	
(3)	Does the company establish the conflict of interest prevention policy, provide the adequate appealing channel, and carry out the execution?	V		(3) We prevent the conflict of interest in accordance with the “Employee Work Rules” and the “Reward & Punishment Rules”; when the directors, supervisors and managers discuss the motions in the Board of Directors’ meetings, they should comply with the Board of Directors’ rules of procedures; in case of relation to their own interest, they should avoid and cannot join the discussion and voting. We set up the employee’s mailbox inside the company, which offers the appealing and reporting channel.	
(4)	Does the company build up an effective accounting system and an internal control system for the implementation of the ethical corporate management and does its internal audit unit draw up the related audit plan, based on the evaluation results of the immoral conduct risk and further audit the compliance conditions of the immoral conduct prevention program or assign the CPA to execute audit?	V		(4) The company has established an effective accounting system and an internal control system; the internal auditors regularly audit the compliance status of the foregoing systems and report with the Board of Directors.	

Evaluation Item		Implementation Status (Note 1)			Variance from "the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and Reason for Variance
		Yes	No	Summary Description	
(5)	Does the company regularly conduct the internal and external educational training in respect of ethical corporate management?	V		(5) When the newcomers enroll, the Management Division will conduct the educational training and explain the employee work rules and related reward & punishment regulations for them; the financial unit personnel of the company will take the courses related to ethical corporate management, sponsored by the Taiwan Stock Exchange, for the purpose of meeting the law compliance requirements.	
III.	Implementation Status of the Company's Reporting System				
(1)	Does the company establish the concrete reporting & rewarding system, build up a convenient reporting channel, and appoint one eligible dealing person-in-charge for the reported subject?	V		(1) The company stipulates the rewarding standards for employee reporting in the employee work rules and the reward & punishment rules; except that the company's internal website has set up the appealing channel, the reporting channel for the internal employees includes the reporting, filed by the external reporter with his/her name directly with the corporate governance unit, which will then assign the person exclusively to deal with the reporting matter.	Currently the company has not established the ethical corporate management best practice principles, which are under deliberation.
(2)	Does the company establish the standard processing procedures for investigation of accepted reporting matters, the follow-up measures to be adopted after completion of investigation and related confidentiality mechanism?		V	(2) At present, the company is still drawing up the standard processing procedures for investigation of accepted reporting matters and the related confidentiality mechanism.	
(3)	Does the company adopt the measure wherein the reporter can be protected so that he/she would not be treated improperly due to the reporting?	V		(3) No such a condition of improper treatment suffered by the reporter occurs in the company.	
IV.	Strengthening Information Disclosure		V		
(1)	Does the company disclose the contents of ethical corporate management it establishes as well as the implementation effectiveness in its website and the Market Observation Post System?			(1) In order to build the business culture of ethical corporate management and sound development, the company will discuss the establishment of related implementation measures, pursuant to the Ethical Corporate Management Best Practice Principles for the TWSE/TPEX Listed Companies.	Currently the company has not established the ethical corporate management best practice principles, which are under deliberation.
V.	If the company has established its own ethical corporate management best practice principles, pursuant to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", please describe the implementation and its variance from the said principles: We have not established the ethical corporate management best practice principles, so the related implementation status for this item has not been executed and it is under discussion.				
VI.	Other important information which is helpful for understanding the implementation of the ethical corporate management: We have not established the ethical corporate management best practice principles, so the related implementation status for this item has not been executed and it is under discussion.				

Note 1: No matter what "Yes" or "No" is ticked for the implementation status, it should be specified in the column of summary description.

- (7) If the company has established the corporate governance best practice principles and related regulations, the checking method should be disclosed.: The company has established the related corporate governance by-laws, such as “Rules of Procedure for Shareholders Meetings”, “Procedures for Handling Material Inside Information”, “Codes of Ethical Conduct”, “Remuneration Committee Charter”, “Audit Committee Charter”, “Rules Governing the Scope of Powers of Independent Directors”, “Corporate Social Responsibility Best Practice Principles”, “Rules Governing Performance Evaluation of the Board of Directors”, etc., which all can be checked on the Market Observation Post System and announced in the company’s website at <http://www.yheco.com.tw>.
- (8) Other important information which can facilitate the understanding of the implementation status of the corporate governance shall be disclosed altogether. Please refer to the implementation status of corporate governance and its variance from “the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reason for Variance
- (9) Execution Status of the Internal Control System:
1. Declaration of Company Internal Control: Please see Page No. 270.
Regulations Governing Establishment of Internal Control System for Public Companies (Article 23): Effective Internal Control System.
It is requested that the board of directors and president of the public companies can rationally ensure the following matters:
 - (1) The board of directors and president are aware of the operation effects and the achievement of the efficiency goal.
 - (2) The financial reporting is reliable.
 - (3) The related acts and regulations have been complied with.
 2. For those companies which authorize the CPA to establish a project to audit the internal control system, the CPA’s audit report should be disclosed: Nil.
- (10) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement.: Nil
- (11) The important resolutions of the Shareholders Meeting and the Board of Directors during the current fiscal year up to the publication date of the annual report:

1. Regular Shareholders Meeting

Execution Status of Resolution Items of Regular Shareholders Meeting on June 17, 2020

Acceptance, Discussion, Election Matter and Other Motions	Execution Status
Accept the case of accounting final reports in 2019	Proposal was approved as proposed; executed subject to the contents of resolution.
Accept the case of loss appropriation of the company in 2019	Proposal was approved as proposed; executed subject to the contents of resolution.
Discuss the case of revision of the company’s “Articles of Incorporation”	The case of alteration registration has been approved in file via the letter with reference to File of Ching-shou-shang-tzu No. 10901116940 on July 3, 2020 and announced in the company’s website.
Discuss the case of revision of the company’s “Rules of Procedure for Shareholders Meetings”	Proposal was approved as proposed and uploaded to the company’s website and the Market Observation Post System.
Case of directors’ reelection	The case of alteration registration has been approved in file via the letter with reference to File of Ching-shou-shang-tzu No. 10901116940 on July 3, 2020 and announced in the company’s website.
Case of removing limit of non-compete duty of directors	Proposal was approved as proposed; executed subject to the contents of resolution.

2. Board of Directors

Times	Date of Meeting	Important Resolution Matters	Execution Status
1	January 10, 2020	Case 1: Submit the company’s operation plan in 2020 for discussion. Case 2: Discuss the matters related to the company’s credit lines of financial institutions. Case 3: Discuss the case of establishing the company’s “Corporate Governance Best Practice Principles”. Case 4: Discuss the case of deliberation of the company’s Remuneration Committee on the chairman’s year-end and special incentive bonuses in 2019. Case 5: Discuss the case of deliberation of the company’s Remuneration Committee on the managers’ year-end and special incentive bonuses in 2019. Case 6: Discuss the case of deliberation of the company’s Remuneration Committee on the year-end consolation money for the independent directors in 2019. Case 7: Discuss the case of deliberation of the company’s Remuneration Committee on the year-end consolation money for its committeemen in 2019.	Executed as per resolution.

2	March 5, 2020	Case 1: Intend to abandon the new share subscription of ordinary shares in cash capital increase of the subsidiary company, Kingsgarden International Co., Ltd. in March 2020; submit it for discussion. Case 2: Discuss the case of revision of the company's "Articles of Incorporation". Case 3: Discuss the case of revision of the company's "Rules of Procedure for Shareholders Meetings". Case 4: Discuss the case of revision of the company's "Audit Committee Charter". Case 5: Discuss the case of revision of the company's "Rules Governing the Scope of Powers of Independent Directors". Case 6: Discuss the case of revision of the company's "Regulations Governing Procedure for Board of Directors Meetings". Case 7: Discuss the case of revision of the company's "Remuneration Committee Charter".	Executed as per resolution.
3	March 17, 2020	Case 1: Submit for deliberation the company's business report, parent company only financial reports and consolidated financial reports in 2019. Case 2: Submit for deliberation of the company's loss appropriation case in 2019. Case 3: Discuss the case of assessment of the effectiveness of the company's internal control system and "Internal Control System Declaration" in 2019. Case 4: Case of Directors' reelection. Case 5: The company's Regular Shareholders Meeting in 2019 accepts the name list of the director candidates, which the directors submit in 2020. Case 6: Discuss the case of intending to hold the regular shareholders meeting in 2020	Executed as per resolution.
4	May 6, 2020	Case 1: Submit for discussion the company's CPAs remuneration and the evaluation of their independence in 2020. Case 2: Discuss the case of revision of the company's "shareholders service internal control system". Case 3: Discuss the case of revision of the company's "Corporate Governance Best Practice Principles". Case 4: Discuss the case of revision of the company's "Corporate Social Responsibility Best Practice Principles". Case 5: Submit for discussion the case of assessment of the name list of the election of the company's director candidates. Case 6: Case of removing the limit of non-compete duty of directors.	Executed as per resolution.
5	June 17, 2020	Case 1: Case of the chairman's election. Case 2: Case of assigning the committeemen of the Remuneration Committee for the 5th anniversary. Case 3: Discuss the case of intending to enter into the contract of collaboration between industry and school and academic feedback mechanism contract with the National Kaohsiung University of Science and Technology.	Executed as per resolution.
6	June 29, 2020	Case 1: Discuss the matters related to the company's credit lines of financial institutions. Case 2: The company prepares the "Corporate Social Responsibility Report" in 2019; submit it for discussion. Case 3: Discuss case of deliberation of the company's Remuneration Committee on the directors' & managers' performance evaluation, remuneration system and structure. Case 4: Discuss the case of deliberation of the company's Remuneration Committee on the chairman's salary structure and payment amount. Case 5: Discuss the case of deliberation of the company's Remuneration Committee on the managers' salary structure and payment amount. Case 6: Discuss the case of deliberation of the company's Remuneration Committee on the travelling expenses, received monthly by the directors (excluding independent directors). Case 7: Discuss the case of deliberation of the company's Remuneration Committee on the independent directors' remuneration. Case 8: Discuss the case of deliberation of the company's Remuneration Committee on remuneration of the remuneration committeemen.	Executed as per resolution.
7	July 24, 2020	Case 1: Intend to abandon the new share subscription of ordinary shares in cash capital increase of the subsidiary company, Great Emperor Hotel Co, Ltd.; submit it for discussion.	Executed as per resolution.
8	August 4, 2020	Case 1: Discuss the case of revision of the company's "Rules Governing the Scope of Powers of Independent Directors".	Executed as per resolution.
9	November 9, 2020	Case 1: Submit for discussion the case of revision of the company's "Audit Report in 2021". Case 2: Discuss the case of revision of the company's "Rules Governing Performance Evaluation of the Board of Directors".	Executed as per resolution.

- (12) If the directors or supervisors have different opinions with the records or written statement during the most recent year up to the date of publication of annual report, its main contents: **Nil**.
- (13) Summary of Resignation and Dismissal of the company's chairman, president, chief accounting officer, chief financial officer, chief internal audit officer, chief corporate governance officer and chief research & development officer, etc.: **Nil**.

V. Information of CPAs Fee

Bracket List of CPAs Fee Information (Please tick the corresponding bracket and fill in the amount.)

CPAs Firm's Name	CPAs' Names		Audit Period	Remarks
Crowe (TW) CPAs	CPA Hsieh, Jen-Yao	CPA Tsai, Shu-Man	January 1, 2020 ~ December 31, 2020	

Note: If the company replaces the CPAs or CPAs firm in the current fiscal year, please respectively specify their audit period and explain the reason for replacement in the column of "Remarks".

Unit: NT\$ Thousands

Items of Fee		Unit: NIS Thousand		
Brackets of Amount		Audit Fee	Non-audit Fee	Total
1	Below 2,000		V	371
2	2,000 ~ 4,000	V		2,185
3	4,000 ~ 6,000			—
4	6,000 ~ 8,000			—
5	8,000 ~ 10,000			—
6	Above 10,000			—

- (1) When the non-audit fee, paid to the CPAs, CPAs firm or its affiliates accounts for over 1/4 percent of the audit fee, the non-audit fee amount and the non-audit service contents should be disclosed. (Schedule II – 4-1)

Information of CPAs Fee (Please fill in the amount) Unit: NT\$ Thousands

Name of PAs Firm	Name of CPAs	Audit Fee	Non-audit Fee					CPAs' Audit Period	Remarks		
			System Design	Industry & Business Registration	Human Resources	Others (Note 2)	Sub-total				
Crowe (TW) CPAs, Kaohsiung Office	Hsieh, Jen-Yao & Tsai, Shu-Man	2,185	0	0	0	371	371	Jan.1, 2020 ~ Dec. 31, 2020	1. Preparation of Transfer Pricing Report & Certification Fee in 2019: NT\$300 thousand	2. IFRS9 Fee for Q4 of 2019 & Q1 ~ Q3 of 2020: NT\$41 thousand	3. Certification Fee of Information of Salary for the Full-time Employees who do not serve as the executive officers in 2020: NT\$30thousand

Note 1: If the company replaces the CPAs or CPAs firm in the current fiscal year, please respectively specify their audit period, explain the reason for replacement in the column of “Remarks” and disclose in order the information of the paid audit and non-audit fee, etc.

Note 2: Please separately indicate the non-audit fee in terms of the service items; if “others” of the non-audit fee accounts for 25% of the total amount of the non-audit fee, its service contents should be shown in the column of “Remarks”.

- (2) If the CPAs firm is replaced and the paid audit fee in the year of replacement is less than that in the previous year, the reduced amount of the audit fee, its percentage and reason should be disclosed.: **Nil**.
- (3) If the audit fee is less than that in the previous years at over 10%, the audit fee, its percentage and reason should be disclosed.: **Nil**.

VI. Information of CPAs' Replacement: **Nil**.

VII. The company's chairman, president and managers in charge of financial or accounting affairs had ever served at the CPA-owned CPAs firm or its affiliates during the most recent year.: **Nil**.

VIII. Changes of Transfer and Pledge of Equity Interests for Chairman, President, Managers & Shareholders with over 10% Shareholding:

Changes of Equity Interests for Directors, Managers and Major Shareholders

Title	Name	2020		Up to April 25, the Current Fiscal Year	
		Increased (Reduced) Shareholding No.	Increased (Reduced) Shareholding No. for Pledge	Increased (Reduced) Shareholding No.	Increased (Reduced) Shareholding No. for Pledge
Corporate Director	Yieh Phui Enterprise Co., Ltd.	2,278,000	—	0	—
Corporate Director	Yieh United Steel Corp.	—	—	—	—
Chairman	WU, LIN-MAW	—	—	—	—
Director	CHEN, SEN-LONG	—	—	—	—
Director	LIN, I-SHOU	—	—	—	—
Director	SU, YU-KUN	—	—	—	—
Director (Note 3)	CHANG, TIEN-CHI	—	—	—	—
Director (Note 3)	CHEN, YUNG-HSIEN	—	—	—	—
Independent	YANG, DER-	—	—	—	—

Director	YUAN				
Independent Director	CHANG, WEN I	—	—	—	—
Independent Director	SUN, CHIN-SU	—	—	—	—
President	CHEN, SEN-LONG	—	—	—	—
Vice President	CHEN, YUNG-HSIEN	—	—	—	—
Vice President	HSU, CHING WU	—	—	—	—
Vice President (Note 3)	WU, MING-HUA	—	—	—	—
Assistant Vice President	YU, CHING SHENG	—	—	—	—
Senior Manager	HUANG, CHUN-KAI	—	—	—	—
Senior Manager	HSU, HUANG-CHI	—	—	—	—
Senior Manager	YEN, SHEN-CHI	—	—	—	—
Senior Manager	WENG, WEN-YI	—	—	—	—
Senior Manager	CHANG, YUE HAN	—	—	—	—
Senior Manager	OU, KUI-PING	—	—	—	—
Senior Manager	WANG, T. H.	—	—	—	—

Note 1: Those shareholders who hold over 10% of the company's total shares should be specified as the major shareholders and separately indicated.

Note 2: Where the counterparty in the transfer or pledge of equity interests is a related party, the following table should be completed additionally.

Note 3: Director CHANG, TIEN-CHI and Director CHEN, YUNG-HSIEN were dismissed on June 17, 2020 and Vice President WU, MING-HUA resigned on February 28, 2021.

Information of Equity Interests Transfer

Name (Note 1)	Reason for Equity Interests Transfer (Note 2)	Date of Transaction	Counterparty of Transaction	Counterparty's Relationship to the Company, its Directors, Supervisors, Managers and Shareholders Holding over 10% Shares	Share No.	Transaction Price
Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note 1: List the names of the company's directors, supervisors, managers and shareholders with over 10% shareholding.

Note 2: Specify acquisition or disposal.

Information of Equity Interests Pledge

Name (Note 1)	Reason for Changes of Pledge (Note 2)	Date of Change	Counterparty of Transaction	Counterparty's Relationship to the Company, its Directors, Supervisors, Managers and Shareholders Holding over 10% Shares	Share No.	Shareholding %	Rate of Pledge	Amount of Pledge (Redemption)
Nil	Nil	Nil	Nil	Nil	Nil	Nil		Nil

Note 1: List the names of the company's directors, supervisors, managers and shareholders with over 10% shareholding.

Note 2: Specify pledge or redemption

IX. RELATIONSHIP INFORMATION OF TOP TEN MAJOR SHAREHOLDERS, AMONG WHOM ANY ONE IS A RELATED PARTY OR A RELATIVE WITHIN THE SECOND DEGREE OF KINSHIP OF ANOTHER:

INFORMATION OF TOP TEN MAJOR SHAREHOLDERS AND THEIR MUTUAL RELATIONSHIP

Name (Note 1)	Principal's Shareholding		Spouse's & Minor's Shareholding		Total Shareholding by Nominee Arrangement		Designation or Names & Relationship for Top Ten Major Shareholders, among whom any one is a related party or a relative within the second degree of kinship of another		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Representative of Yieh Phui Enterprise Co., Ltd.: LIN, I-SHOU	304,654,650	57.41%	-	-	-	-	Representative of Yieh United Steel Corp.: LIN, YI-SHOU	Its chairman is the company's director.	
							Representative of Wei Chiao Investment & Development Co., Ltd.: LIN, I-SHOU	Its chairman is the company's director.	
	172,206	0.03%	2,448,388	0.46%	-	-	Representative of Lien Shou Investment & Development Co., Ltd.: LIN, I-SHOU	Its chairman is the company's director.	
							Representative of Hsing Lung Investment & Development Co., Ltd.: LIN, I-SHOU	Its chairman is the company's director.	
Representative of Yieh United Steel Corp.: LIN, I-SHOU	85,717,552	16.15%	-	-	-	-	Representative of Yieh Phui Enterprise Co., Ltd.: LIN, YI-SHOU	Its chairman is the company's director.	
							Representative of Wei Chiao Investment & Development Co., Ltd.: LIN, I-SHOU	Its chairman is the company's director.	
	172,206	0.03%	2,448,388	0.46%	-	-	Representative of Lien Shou Investment & Development Co., Ltd.: LIN, I-SHOU	Its chairman is the company's director.	
							Representative of Hsing Lung Investment & Development Co., Ltd.: LIN, I-SHOU	Its chairman is the company's director.	
Representative of Wei Chiao Investment & Development Co., Ltd.: LIN, I-SHOU	13,462,646	2.54%	-	-	-	-	Representative of Yieh United Steel Corp.: LIN, YI-SHOU	Its chairman is the company's director.	
							Representative of Yieh Phui Enterprise Co., Ltd.: LIN, I-SHOU	Its chairman is the company's director.	
	172,206	0.03%	2,448,388	0.46%	-	-	Representative of Lien Shou Investment & Development Co., Ltd.: LIN, I-SHOU	Its chairman is the company's director.	
							Representative of Hsing Lung Investment & Development Co., Ltd.: LIN, I-SHOU	Its chairman is the company's director.	
Representative of Lien Shou Investment & Development Co., Ltd.: LIN, I-SHOU	3,282,718	0.62%	-	-	-	-	Representative of Yieh United Steel Corp.: LIN, YI-SHOU	Its chairman is the company's director.	
							Representative of Yieh Phui Enterprise Co., Ltd.: LIN, I-SHOU	Its chairman is the company's director.	
	172,206	0.03%	2,448,388	0.46%	-	-	Representative of Hsing Lung Investment & Development Co., Ltd.: LIN, I-SHOU	Its chairman is the company's director.	
							Representative of Wei Chiao Investment & Development Co., Ltd.: LIN, I-SHOU	Its chairman is the company's director.	
Representative of Hsing Lung Investment & Development Co., Ltd.: LIN, I-SHOU	2,788,649	0.53%	-	-	-	-	Representative of Yieh United Steel Corp.: LIN, YI-SHOU	Its chairman is the company's director.	
							Representative of Lien Shou Investment & Development Co., Ltd.: LIN, I-SHOU	Its chairman is the company's director.	
	172,206	0.03%	2,448,388	0.46%	-	-	Representative of Yieh Phui Enterprise Co., Ltd.: LIN, I-SHOU	Its chairman is the company's director.	
							Representative of Wei Chiao Investment & Development Co., Ltd.: LIN, I-SHOU	Its chairman is the company's director.	

LIN TSAI, YUEH-E	2,448,388	0.46%	172,206	0.03%	-	-	LIN, I-SHOU	Spouse of the company's director	
HE, JIA-HONG	1,297,000	0.24%	-	-	-	-	-	-	
YANG, JIN-WEN	1,010,045	0.19%	-	-	-	-	-	-	
FAN, WUN-JHONG	1,000,261	0.19%	-	-	-	-	-	-	
CHANG, CHING-CHI	796,484	0.15%	-	-	-	-	-	-	

Note 1: The whole top ten major shareholders should be specified; in case of a corporate shareholder, the designation of the corporate shareholder and the name of its representative should be respectively indicated.

Note 2: The calculation of shareholding rate is based on the respective shareholding rate in his own name and his spouse's and minor's shareholding rate or that by nominee arrangement.

Note 3: The above-captioned shareholders include the corporate and natural persons, whose mutual relationship should be disclosed, pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuer.

X. SHAREHOLDING NUMBER OF THE SAME REINVESTED COMPANY BY THE COMPANY, ITS DIRECTORS, MANAGERS AND THE COMPANY'S DIRECTLY & INDIRECTLY CONTROLLED COMPANIES AND THEIR CONSOLIDATED SHAREHOLDING RATE BY THE COMBINED CALCULATION:

CONSOLIDATED SHAREHOLDING RATE

December 31, 2020 Unit: Share: %

Reinvested Company (Note)	The Company's Investment		Investment by Directors, Managers and Directly & Indirectly Controlled Companies		Consolidated Investment	
	Share No.	Shareholding Rate	Share No.	Shareholding Rate	Share No.	Shareholding Rate
Iliter International Corp.	64,042,663	7.42%	519,448,495	60.16%	583,491,158	67.58%
E-DA Development Corp.	43,791,485	5.94%	423,980,411	57.52%	467,771,896	63.46%
UNITED WINNER METALS	-	33.75%	-	66.25%	-	100%
Cheng Hsin Security Corp.	400,000	10.00%	2,800,000	70.00%	3,200,000	80.00%
Great Emperor Hotel Co., Ltd. (Note 1)	209,950,000	45.44%	252,000,000	54.55%	461,950,000	99.99%
Kingsgarden International Co., Ltd. (Note 1)	211,950,000	49.87%	213,000,000	50.12%	424,950,000	99.99%
Yieh United Steel Corp.	2,542,448	0.10%	684,326,026	26.12%	686,868,474	26.22%
E-DA Health & Biotechnology Corp.	380,000	19.00%	760,000	38.00%	1,140,000	57.00%
E-HUA International Co., Ltd. (Note 2)	1,169,000	70.00%	-	-	1,169,000	70.00%
HUAGLAM International Co., Ltd. (Note 2)	6,000,000	100.00%	-	-	6,000,000	100.00%
E-MAO Development Co., Ltd. (Note 3)	2,752,000	12.80%	-	-	2,752,000	12.80%

Note: That company adopts the investment accounted for using equity method.

(Note 1): In March 2020, the company lost the controlling power of Kingsgarden International Co., Ltd. and in November 2020, lost that of Great Emperor Hotel Co., Ltd.

(Note 2): Accompanied with the loss of controlling power of Kingsgarden International Co., Ltd., in March 2020, the company lost the controlling power of E-HUA International Co., Ltd. and HUAGLAM International Co., Ltd.

(Note 3): Accompanied with the loss of controlling power of Great Emperor Hotel Co., Ltd., in November 2020, the company lost the controlling power of E-MAO Development Co., Ltd.

Chapter 4 CAPITAL RAISING STATUS

I. Company Capital and Shares

(1) Source of Capital

Month/Year	Issue Price	Approved Capital		Paid-in Capital		Remarks		
		Share No.	Amount	Share No.	Amount	Source of Capital	Stock Capital Offset by Property other than Cash	Others
June 2, 2006	NT\$10	640,000,000	6,400,000,000	639,998,451	6,399,984,510	Issue 259,830,000 ordinary shares for cash capital increase (Approved via Letter of the Ministry of Economic Affairs with Reference to File of Ching-shou-shang-tzu No. 09501117390 on June 20, 2006)	—	Adopt the discount issue price at NT\$3.60
February 5, 2007	NT\$10	1,000,000,000	10,000,000,000	381,180,041	3,811,800,410	Eliminate 258,818,410 ordinary shares for capital decrease (Approved via Letter of the Ministry of Economic Affairs with Reference to File of Ching-shou-shang-tzu No. 09601039390 on February 27, 2007)	—	Compensate Loss
February 8, 2007	NT\$10	1,000,000,000	10,000,000,000	732,057,234	7,320,572,340	Issue 350,877,193 ordinary shares for cash capital increase (Approved via Letter of the Ministry of Economic Affairs with Reference to File of Ching-shou-shang-tzu No. 09601039390 on February 27, 2007)	—	Adopt the private placement of the discount issue price at NT\$5.70
November 12, 2008	NT\$10	1,200,000,000	12,000,000,000	1,193,595,695	11,935,956,950	Issue 461,538,461 ordinary shares for cash capital increase (Approved via Letter of the Ministry of Economic Affairs with Reference to File of Ching-shou-shang-tzu No. 09701302460 on November 28, 2008)	—	Adopt the private placement of the discount issue price at NT\$2.60
June 26, 2009	NT\$10	1,200,000,000	12,000,000,000	618,285,895	6,182,858,950	Eliminate 575,309,800 ordinary shares for capital decrease (Approved via Letter of the Ministry of Economic Affairs with Reference to File of Ching-shou-shang-tzu No. 09801129230 on June 26, 2009)	—	Compensate Loss
October 27, 2011	NT\$10	1,200,000,000	12,000,000,000	630,651,613	6,306,516,130	Issue 12,365,718 ordinary shares for surplus capital increase (Approved via Letter of the Ministry of Economic Affairs with Reference to File of Ching-shou-shang-tzu No. 10001245220 on October 27, 2011)	—	
October 5, 2017	NT\$10	1,200,000,000	12,000,000,000	530,651,613	5,306,516,130	Eliminate 100,000,000 ordinary shares for capital decrease (Approved via Letter of the Ministry of Economic Affairs with Reference to File of Ching-shou-shang-tzu No. 10601138430 on October 5, 2017)	—	Compensate Loss

Note 1: Specify the information of the current year up to the date of publication of annual report.

Note 2: For the part of capital increase, add the effective (approval) date and the reference number.

Note 3: In case that the share is issued below the par value, it shall be marked in a notable way.

Note 4: Please specify the capital stock offset by the monetary credit and technology, if any and add the kinds and amount of offset.

Note 5: The private placement shall be marked in a notable way.

Kinds of Share	Approved Capital			Remarks
	Outstanding Shares (Listed Company's Stock)	Unissued Shares	Total	
Ordinary Shares	169,465,930 (Excluding the shares of private placement)	669,348,387	1,200,000,000	Shares of private placement (1) for capital increase are 350,877,193. Shares after capital decrease are 181,755,363. Shares of private placement (2) for capital increase are 461,538,461. Shares after capital decrease are 239,078,208. Shares of private placement for surplus capital increase are 8,416,671. Total shares of private placement after capital decrease are 361,185,683.

Note: Please indicate whether the said stock is the stock of the TWSE/TPEX listed company. (If the stock is restricted to trade in the TWSE or TPEX market, a note shall be put.)

RELATED INFORMATION OF COLLECTIVE REPORTING SYSTEM

Kinds of Securities	Estimated Issue Number		Issued Number		Issue Objective and Expected Benefit of the Issued Part	Estimated Issue Period for the Unissued Part	Remarks
	Total Share No.	Approved Amount	Share No.	Price			
Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	

(2) Shareholder Structure

Shareholder Structure

April 25, 2021

Shareholder Structure Quantity	Government Institution	Financial Institution	Other Corporate Body	Individual	Foreign Institution and Outsider	Total
Number of Persons	1	0	54	44,530	22	44,607
Shareholding No.	51	0	410,757,889	117,247,708	2,645,965	530,651,613
Shareholding Rate	0.00%	0	77.41%	22.09%	0.5%	100.00%
The company has no Mainland Chinese investors.						

Note: The primary TWSE (TPEX) listed companies and companies in the emerging stock market should disclose the shareholding rate of their Mainland Chinese investors: The Mainland Chinese investors refer to the people, corporate body, group, other institutions or those companies which they invest in the 3rd territory, pursuant to Article 3 of the "Rules Governing the Investment Permit in Taiwan for People from Mainland China Area".

(3) Distribution of Equity Interests

Distribution of Equity Interests

April 25, 2021

Shareholding Grading	No. of Shareholders	Shareholding No.	Shareholding Rate
1 ~ 999	26,569	5,984,807	1.13%
1,000 ~ 5,000	14,334	30,096,198	5.67%
5,001 ~ 10,000	2,160	18,204,341	3.43%
10,001 ~ 15,000	427	5,406,906	1.02%
15,001 ~ 20,000	409	7,737,324	1.46%
20,001 ~ 30,000	263	6,927,266	1.30%
30,001 ~ 50,000	222	9,171,621	1.72%
50,001 ~ 100,000	123	9,005,684	1.70%
100,001 ~ 200,000	49	7,249,295	1.37%
200,001 ~ 400,000	30	7,947,533	1.50%
400,001 ~ 600,000	6	3,115,455	0.59%
600,001 ~ 800,000	6	4,143,274	0.78%
800,001 ~ 1,000,000	3	3,307,306	0.62%
1,000,001 ~ 999,999,999	6	412,354,603	77.71%
Total	44,607	530,651,613	100.00%

Preferred Shares

April 25, 2021

Shareholding Grading	No. of Shareholders	Shareholding No.	Shareholding Rate
Self-grading, depending on the actual conditions.	Not Applicable		
Total			

(4) List of Major Shareholders

List of Major Shareholders

April 25, 2021

Shares		
Name of Major Shareholders	Shareholding No. (Shares)	Shareholding Rate
Yieh Phui Enterprise Co., Ltd.	304,654,650	57.41%
Yieh United Steel Corp.	85,717,552	16.15%
Wei Chiao Investment & Development Co., Ltd.	13,462,646	2.54%
Lien Shuo Investment & Development Co., Ltd.	3,282,718	0.62%
Hsing Lung Investment & Development Co., Ltd.	2,788,649	0.53%
LIN TSAI, YUEH-E	2,448,388	0.46%
HE, JIA-HONG	1,297,000	0.24%
YANG, JIN-WEN	1,010,045	0.19%
FAN, WUN-JHONG	1,000,261	0.19%
CHANG, CHING-CHI	796,484	0.15%

(5) Market Price, Net Worth, Earnings per Share and Dividend per Share & Related Information for the Most Recent Two Years

Year		2019	2020	Financial Information of Q1 of the Current Year (Note 8)
Market Price per Share (Note 1)	Highest	NT\$5.83	NT\$11.10	NT\$10.30
	Lowest	NT\$4.00	NT\$3.27	NT\$7.22
	Average	NT\$4.81	NT\$5.15	NT\$8.92
Net Worth per Share (Note 2)	Before Distribution	NT\$5.16	NT\$13.99	NT\$14.02
	After Distribution	—	—	—
Earnings per Share (Note 3)	Weighted Average Shares	530,651,613	530,651,613	530,651,613
	Earnings per Share (Note 3)	-NT\$1.21	-NT\$0.89	NT\$0.03
Dividend per Share	Cash Dividend		—	—
	Bonus Shares	—	—	—
		—	—	—
	Accumulated Unpaid Dividend (Note 4)		—	—
Analysis on Investment Return	Price/Earnings Ratio (Note 5)		—	—
	Price/Dividend Ratio (Note 6)		—	—
	Cash Dividend Yield Rate (Note 7)		—	—

- * In case of distribution of shares from the capital increase via surplus or capital reserve, such information shall be disclosed as the retrospectively-adjusted market price, based on the number of distributed shares as well as the cash dividend.
- Note 1: Indicate the highest and lowest market price of the ordinary share each year and calculate the average market price each year on the basis of the transaction value and transaction volume each year.
- Note 2: Fill in the net worth per share on the basis of the number of issued shares in the end of year and according to the distribution status, as resolved in the shareholders meeting in the next year.
- Note 3: In case of retrospective adjustment resulting from the bonus share, the earnings per share before and after adjustment shall be indicated.
- Note 4: If it is stipulated for the issue requirements of the equity securities that the undistributed dividend in the current year shall be accumulated for distribution in the year when the surplus accrues, the accumulated unpaid dividend up to the current year shall be separately disclosed.
- Note 5: Price/Earnings Ratio: Average closing price per share / earnings per share in the current year.
- Note 6: Price/Dividend Ratio: Average closing price per share / cash dividend per share in the current year.
- Note 7: Cash Dividend Yield Rate = cash dividend per share / average closing price per share in the current year.
- Note 8: Specify the net worth per share and the earnings per share, as shown in the latest CPA audited (reviewed) information up to the date of publication of annual report; the rest of columns should show the information in the current year up to the date of publication of annual report.

(6) Company's Dividend Policy and Execution Status:

1. The dividend policy, set forth in the company's articles of incorporation, is described as follows:

Article 20: The industry life cycle of the company is situated in the mature stage; the dividend policy takes into consideration such factors as investment environment, capital demands, domestic and foreign competition and the shareholder's benefits, in keeping with the current and future development plans. Each year, we would appropriate no less than 20% of the distributable surplus to distribute the dividend bonus to the shareholders. However, when the accumulated distributable surplus is less than 20% of the paid-in capital, no distribution shall be made. If there is earnings in the company's annual final accounts, it will be withdrawn first to pay taxes, and then compensate loss in the previous years; 10% will be appropriated as the legal surplus and the special surplus reserve would be appropriated, if necessary; in case of earnings left in the current year, the dividend of preferred share will be distributed on a first priority basis and then the balance in combination with the accumulated undistributed earnings in the previous years will be distributed to the shareholders as bonus, (wherein the stock dividend ranges from 0% ~ 80%, while the cash dividend from 20% ~ 100%). The above-mentioned earnings distribution rate and the cash dividend rate shall be adjusted in resolution of the shareholders meeting, in which the Board of Directors submits the proposal, required by the actual profit, cash status and operation in the current year.

2. Dividend distribution, proposed in this shareholders meeting: **No dividend will be distributed in this shareholders meeting.**

(7) Impact, Made by Bonus Shares, Proposed in this Shareholders Meeting on the Company's Operation Performance and Earnings per Share: **Nil.**

(There is no bonus share case in this year.)

(8) Compensation for Employees and Directors:

- Ratio or Scope of Compensation for Employees and Directors, as Specified in the Articles of Incorporation:
 - Below 1/1000 for directors' compensation.
 - Above 2/1000 for employees' compensation.
- Basis for Estimation of Compensation for Employee, Directors & Supervisors in this Term, Calculation Basis for Number of Bonus Shares as Employee's Compensation and Accounting Treatment of Discrepancy between Actual Distributed Amount and the Estimated Figure:
 - The company respectively appropriates no less than 0.2% compensation for employees and no more than 0.1%

compensation for directors & supervisors from the before-tax income without subtracting the distributed compensation for employees, directors & supervisors in the current year. In both 2020 and 2019, loss occurs with the operation, so the estimated compensation for employees, directors & supervisors is NT\$0. Supposed the amount still varies after the date of approval and publication of the annual financial report, it will be adjusted and credited into account in the next year, according to the accounting treatment of the estimated variation.

- (2) The company's Board of Directors resolved on March 24, 2021 & March 17, 2020 that no compensation was distributed for employees, directors & supervisors, which is not discrepant from NT\$0 of compensation for employees, directors & supervisors, as accepted in the financial reports in 2020 & 2019.
3. Board of Directors' Approval of Compensation Distribution:
 - (1) If the amount of compensation for employees, directors & supervisors, distributed in cash or stock is discrepant from the annual estimated amount in the accepted expenses, the amount of discrepancy, reason and disposal shall be disclosed: **Nil.**
 - (2) Amount of Employees' Compensation, Distributed in Stock, the Ratio to the After-tax Net Income in this Term's Parent Company Only or Individual Financial Reports and Total Amount of Compensation for Employees: **Nil.**
4. Actual Distribution of Compensation for Employees, Directors & Supervisors in the Previous Year (Including the distributed share number, amount & stock price); in case of a discrepancy from the accepted compensation for employees, directors & supervisors, the amount of discrepancy, reason and disposal should be specified.: **Nil (There is no distribution of compensation for employees and directors in 2019.)**
- (9) Status of the Company Repurchasing its Own Shares: **Nil.**

II. Proceeding of Corporate Bond, Preferred Share, Global Depository Receipt, Employee Stock Option Certificate & New Share Issue by Merger/Consolidation or Acquisition of other Companies' Shares

- (1) Proceeding of Corporate Bond: **Nil.**
- (2) Proceeding of Preferred Shares: **Nil.**
- (3) Proceeding of Global Depository Receipt: **Nil.**
- (4) Proceeding of employee stock options: **Nil.**
- (5) New Share Issue by Merger/Consolidation or Acquisition of other Companies' Shares:
 1. Items to be disclosed concerning the completion of new share issue by merger/consolidation or acquisition of other companies' shares during the most recent year up to the date of publication of annual report: **Nil.**
 2. If the Board of Directors has resolved the new share issue by merger/consolidation or acquisition of other companies' shares during the most recent year up to the date of publication of annual report, its execution status and the basic information of the companies under merger/consolidation or acquisition shall be disclosed. As for the ongoing new share issue by merger/consolidation or acquisition of other companies' shares, its execution status and impact on the shareholders' rights should be disclosed: **Nil.**

III. EXECUTION STATUS OF CAPITAL APPLICATION PLAN:

- (1) Contents of Plan: Up to the quarter proceeding the date of publication of annual report, previous securities issue or private placement have not been completed or have been completed within three years without plan benefits: **Nil.**

Chapter 5 Operational Highlights

I. Business Activities:

(I) Scope of Business:

1. Main Business Activities of Yieh Hsing Enterprise Co., Ltd.:

- (1) Manufacture, processing, wholesale and retail of stainless steel wire rod, carbon steel wire rod, free-cutting steel wire rod, alloy steel wire rod, roll-up door materials, iron pipe, stainless steel pipe, mechanical parts, steel belt, packing iron belt, canister, surface treatment of alloy steel & stainless steel.
- (2) Processing, manufacture, trading, import & export business of parts of various motorcycles, bicycles & hardware.
- (3) Consign the constructors to build the public housing & commercial high-rise for lease and sale.
- (4) Processing of iron plate and design, processing and sale of fabricated steel frame.
- (5) Design, processing, manufacture and sale of mechanical body.
- (6) Processing, manufacture and sale of galvanized iron plate, painted iron plate and cold-pressed steel plate.
- (7) Processing, manufacture, import & export of rolled steel, steelmaking, section steel, steel thread, iron thread & iron wire.
- (8) Operation of farm & livestock farm.
- (9) Manufacture, processing, trading, import & export trading of all kinds of pulp, paper & its related products.
- (10) Design, manufacture & installation of iron plant, power plant, petrochemical plant, incineration plant, whole plant mechanical equipment of the water treatment plant, pipeline, pipeline support, tower trough, ventilation equipment, flue pipe, dust collector, fire extinguishing system, pressure vessel, boiler, annealing furnace, heating furnace, conveyor & crane and the undertaking of repair & maintenance engineering.
- (11) Except for the licensed business, it is permitted to operate the business which is not prohibited or restricted by the regulation.

2. Due to the reduction of shareholding rate, the company had lost the controlling power of Kingsgarden International Co., Ltd. in Q1 of 2020 and that of Great Emperor Hotel Co., Ltd. in Q4 of 2020. For details, please refer to the description, as indicated in Note 6 (30) of the Consolidated Financial Reports in 2020.

3. Operation Proportion:

The company's main products are stainless steel wire rod, carbon steel wire rod, free-cutting steel wire rod, alloy steel wire rod, etc. Among the turnover in 2020, the stainless steel series accounts for 69% and non-stainless steel series & others for 31%.

The company only operates the single industry, mainly engaged in processing & manufacture of stainless steel, carbon steel and special steel, etc., the end use of which are similar. Moreover, the single reportable segment is identified by the operation decision-maker of the company, based on the company's overall evaluated performance and the distributed resources.

4. The current main goods and service items are wire rod:

The products include the stainless steel wire rod, carbon steel wire rod, alloy steel wire rod, free-cutting steel wire rod, rebar & straight steel, etc.

5. New goods to be planned for development:

The company keeps developing in 2021:

In order to meet the customers' demands, the company continues to develop YCS550 new kind of steel products, which are delayed owing to the pandemic.

(II) Industry Overview:

1. Current Status and Development of Industry

(1) Trend of Nickel Price: Since Quarter 4 in 2020, the demands of the power battery industry chain has assumed explosive growth, driven by the car power battery of new energy and the supply of nickel sulfate cannot catch up in a short period of time. Consequently, it becomes the main reason for stimulating the rising of nickel price. The pure nickel price also takes such an advantage to rise up by the drive of the nickel sulfate. The international nickel costs approximately USD18,500/T in the mid of February 2021 and about USD19,500/T in late February, soaring up to USD20,000/T in continuous appreciation. In March 2021, one news in the nickel market triggered the shock for the market, to the effect that Ching Sun Business Co., Ltd. announced one development project of nickel matte in Indonesia. It led to the consecutive drop of the nickel price from the highest USD19,689/T in February to USD16,121/T in March (the decline range at USD3,568/T). However, after the large-scale fall of the nickel price, the price difference between nickel and nickel pig iron is so small that the nickel matte, made of nickel pig iron, has not corresponded to the processing costs any longer. Therefore, the market's over-reaction on Ching Sun's production of nickel matte stopped. As of April 8, 2021, the nickel price is stabilized at USD16,800/T, back to the normal level.

(2) Trade Barrier: Article 232 in the World Tariff Barrier of US and the Regulation (EU) 2019/159 are still working, to which the general businesses have adapted themselves; they have accepted them as a normality and developed their own operation model. The impact suffered from the pandemic in 2020 results in the market recession. In 2021 the vaccines have been acquired and vaccinated step by step and the market is activated with the tremendous growth, so the trade barriers are overcome.

- (3) Iron Ore: In order to reinforce the surveillance of the steel enterprise and enlarge the disciplinary intensity on the law-violating behavior, the Tangshan People's Government announced the implementation of the limited production and emission reduction measures for those businesses which fail to make the emergency response; the execution period is from March 20, 2021 at 00:00 to December 31, 2021 at the emission reduction rate of 30% ~ 50%. As soon as such news comes up, the iron ore responds to fall down sharply back to the rising range in the beginning of the year; its price slides to USD160/T. With a view of seeking the target of carbon neutrality and carbon emission peak, Mainland China goes on with the limited production measures again and again in its steel stronghold, Tangshan Area. With worry of production limit in the market, iron ore still tends to be weak in a short period. However, it is forecast that the drop of iron ore price for this year might be in a moderate state. In addition, China will recently announce the reduction of the refund rate of the value-added tax for the purpose of relaxing its impact in the world. The production limit and the reduction of the export refund tax are beneficial to the ecology of the steel market, so it will have a positive prospect.
- (4) Market Aspect: In the trade protection policy, the US imposed 25% tariff on the imported steel materials in 2018 and the EU also launched the self-defense investigation, which gave the national quota at three stages till June 30, 2021. It is still to be observed whether the Regulation (EU) 2019/159 will continue or not. As far as the trade protection measures of US and EU are concerned, the manufacturers have considered it normal and adapted themselves well. Last year in 2020, the COVID-19 virus prevailed, but this year in 2021, the vaccines have been obtained and vaccination has been gradually administered. The US intends to complete the vaccination throughout the nation in July 2021. The CEO of JPMorgan Chase, Jamie Dimon, indicates that the US economy will boom till 2023. Furthermore, Mainland China is committed to protecting the environment in order to achieve the goal of "carbon neutrality"; the Mainland China's production limit leads to the reduction of export, on top of acquisition of the vaccines, so that each country's economy rapidly recovers; the capacity utilization rate is upgraded and the order of the international steel is strengthened. On April 6, 2021, IMF published the "World Economic Outlook", in which they suggest the recovery of economy in each country is much stronger; in 2021 the global economy will grow by 6% and by 4.4% expectedly for next year. The company should take hold of this profitable trend to seek the maximum benefits.
- (5) Supply Aspect: As far as the current supply status is concerned, the National Standards in Mainland China passed the assessment of "Recycling Iron & Steel Materials" and opened the importation on January 1, 2021; the scrap steel does not belong to the solid scraps, but called "recycling iron-steel materials". In the future, Mainland China will guide the Chinese enterprises to import the high-quality recycling iron-steel materials (scrap steel) from the foreign countries, according to the

law. Such a policy would make positive significance on the achievement of the carbon neutrality goal. Besides, effective 2021, Mainland China will further enlarge the working intensity to insistently compress the crude steel yield for the sake of ensuring the reduction of crude steel year-to-year production.

2. Correlation between the Industry Upstream, Midstream and Downstream

In terms of material, the steel can be divided into two categories of “carbon steel” and “stainless steel”. The upstream of the carbon steel industry chain is coal, iron ore and scrap steel materials as well as the big steel blank, small steel blank and flat steel blank, etc., which are made of the aforesaid materials by blast furnace or electric furnace; the midstream includes the steel plate, steel coil, rebar, wire rod, bar steel wire rod, produced by cold and heat rolling; the downstream products are widely applied, including metallic products, mechanical equipment, vehicles, mold, screw & nut, steel wire & steel cable, industrial facilities and building construction, etc. The structure of the stainless steel industry chain is similar to that of the carbon steel industry chain.

The main products of the company include stainless steel and carbon steel wire rod, which is mainly supplied to the downstream customers who further process and manufacture a diversity of such products as screw, nut, thin thread, spring, polished rod, welding rod, etc. They can be used as the base parts for various industrial products, electrical products, aerospace, vehicles, medical and biochemical appliances, hand tools, family hardware utensils, etc.

The steel industry is the mother of industries. Its downstream applied products are comprehensive, including diversified metallic products, mechanical equipment, mold, screw & nut, steel wire & steel cable and all kinds of steel materials required by the industrial facilities and building construction. In the field of screw & nut, Taiwan is renowned as the kingdom of screw in the world, which suggests the screw & nut industry is a quite important foreign exchange earning industry. Taiwan is one of top five fastener supply countries in the world; the areas surrounding Gangshan, Lujhu in Kaohsiung are even the globally famous “screw cave”, the industry chain of which is formed completely, ranging from the screw shaping, heat treatment, electroplating, packing to transportation, shipping and export. It is the significant settlement where Taiwan demonstrates its efforts for economy in the face of the world. It plays a vital role in the domain of global fastener industry. Moreover, the screw & nut manufacturers also actively transform for adding value in order to march towards the innovative service, get rid of the price cut competition and enter into the international high-value market.

3. Product Development Trend

As the environmental protection is gradually emphasized, the demands of stainless steel also increase day by day. The materials used for production depend on scrap as best as possible and reduce the use of natural resources; the rate of product recycled utilization is as high as 85%. Accordingly the

demands of stainless steel would continue to grow. In respect of carbon steel, the US infrastructure inputs the huge capital and drives the steel demands in the future. In consequence, the future development trend should direct towards the development of high value-added products and production of environmental protection-friendly products in accordance with the energy saving and carbon reduction regulations. The development trend should take the initiative to diversify the products and further expand the field of application and demands. The company will adopt the strategy of diversifying steel types and deeply cultivating the high value-added products with a view of maintaining and expanding the sales volume.

Statistics Table of Domestic Apparent Consumption of Stainless
Steel Wire Rod
from 2011 to 2020

Year	Domestic Demand (Ton)	Yearly Growth Rate	Exportation (Ton)	Yearly Growth Rate
2011	177,187	-12.10%	98,520	-2.07%
2012	171,093	-3.44%	98,081	-0.45%
2013	176,737	3.30%	89,879	-8.36%
2014	198,087	12.08%	100,105	11.38%
2015	193,927	-2.10%	128,296	28.16%
2016	215,639	11.20%	142,403	10.99%
2017	193,637	-10.20%	169,099	18.76%
2018	186,343	-3.77%	149,814	-11.40%
2019	194,567	4.41%	131,295	-12.36%
2020	202,522	4.09%	116,712	-11.11%

Source of Information: Taiwan Steel & Iron Industries Association (2011-2020)

In 2020, the domestic apparent consumption of stainless steel wire rod is 202,522 tons, which increase 194,567 tons by 4.09%, in comparison with 2019. It is estimated that in 2021, the market recovery will be optimistic and both the domestic and overseas demands will grow step by step under the circumstances that the COVID-19 vaccines are globally vaccinated, accompanied with the economic revitalization programs in each country.

4.Competition

- (1) Owing to the ongoing existence of the US and EU trade protection policies, the severe competition and the rigid test of the international situation, the key for retaining the competition advantage lies in how to cut down the related costs of the supply chain, vary the products, upgrade the product's added value, stabilize the sale channel and maintain the customer relations. The company is going to adopt the segmentation countermeasure to compete with the international market via the stainless steel wire rod of good quality and

expeditious delivery, of which the quality, delivery, price and service can all win the stable support from both domestic and foreign customers. In order to strengthen the competition in the Asia-Pacific Region, we will also enhance the development and improvement of high-class products, serve our customers with the best quality and expand the market.

- (2) In the face of competition from the stainless steel factories of the assembly line, in addition to keeping the purchase of the steel blank from the local company, Yieh United Steel Corp. for taking advantage of the geographical edges and technical exchange, Yieh Hsing Enterprise Co., Ltd. even can integrate the resources of the conglomerate to cope with the changeable challenges in the market and actively develop other steel blank suppliers for satisfying the customers' needs by flexibly supplying the combination of multiple but little batched steel types. In response to the more changeable and drastic competition in the future market, we offer the complete sales and technical exchange service by uniting the widespread market channels, timely controlling the market pulsation, linking with the upstream materials plants, continuously developing the high-class products, mobilizing the required materials, providing the prompt response and manufacturing the products in proper quantity.

(III) Technology and Research & Development Overview:

1. Research & Development Expenses in 2020 and the Current Year up to the Date of Publication of Annual Report:

Unit: NT\$ Thousands

Year Item project	2020	The Current Year up to the Date of Publication of Annual Report
Research & Development Expenses	16,855	4,405

2. The company firmly believes the main lifeline of the company consists in research and development. Our research and development plan adheres to the following operational concepts:

Innovation	Introduce new technology, research new manufacturing process, Renovate operation and management and promote together the upgrading of the entire industry.
Growth	Continue investment, raise the enterprise energy, further items and quality of products and service, so that the company, employees and customers can grow simultaneously.

Responsibility	Work hard on operation, protect the investors' rights, do a good job for environmental protection, maintain the social resources, optimize the enterprise's responsibilities and give feedback to the society.
Sustainability	Foster the elitists for joint management, build the foundation in Taiwan and keep an eye on the world with sustainability.

3. Techniques or products which have been successfully developed or are under development

(1) Successfully Developed Products

Product	Date of Development	Description of Results
316H	May 2012	Meet the customers' requirements and increase the company's product mix.
YH440M	January 2013 (Technology Development Program)	YH440M belongs to the technology development program for the purpose of consisting with the customers for development and replacing the imported materials; it not only raise the additional value of the company's products but increase the company's product mix.
AISI347H	April 2013	Increase the company's product mix in keeping with the customers' requirements.
2205	July 2013	A kind of duplex stainless steel; its production is mainly consistent with Yieh United's development for increasing the company's product mix. °
430	November 2013	Meet the customers' requirements and increase the company's product mix.
304M5	August 2016	Meet the customers' requirements and increase the company's product mix.
304J3A	September 2016	Meet the customers' requirements and increase the company's product mix.
303CU	November 2017	Meet the customers' requirements and increase the company's product mix.
303	March 2019	Meet the customers' requirements and increase the company's product mix.
410	June 2019	Meet the customers' requirements and increase the company's product mix.
YCS550	August 2019	Meet the customers' requirements and increase the company's product mix.

(2) Products Scheduled for Development:

In order to meet the customers' demands, the company continues to develop YCS550 new kind of steel products, which are delayed owing to the pandemic.

(IV) Long-term & Short-term Sales Development Plan

Describe the short-term, mid-term and long-term sales development plan in terms of such three aspects as customers, products & market:

Sales Development	Short-term Plan in 2021	Mid-term & Long-term Plan
Customer Aspect	1. Build up the market customer information system, control the market pulsation & customer's order-decision timing and further enlarge the market channel scale & market share. 2. Provide the customized service and the integrated service of expeditious delivery, flexible price and techniques.	1. Integrate the upstream and downstream techniques & resources, continue research, development & innovation, and cooperate with customers to have control of actual demands in response to the market competition. 2. Grasp the feedback from the customer's use of products, carry out the collection of the client's opinions in respect of production & marketing and improve the product quality and production effectiveness.
Product Aspect	1. Continue to offer the service with stable quality and rapid delivery. 2. In response to the customer's different demands, continue to develop and provide the customized products. 3. Continue to follow up the competitor's products and techniques, service dynamics and make adjustment for response at any time.	1. Go on with developing new steel type and size in order to increase different product mix and reinforce the competitiveness. 2. Consist with the customers to develop new products and provide the prompt technical service with a view of seizing the opportunities.
Market Aspect	1. Make in-depth efforts in the market channels and expand the domestic and overseas market share. 2. Strengthen the technical and managerial exchange between the steel factories and seek the opportunities for mutual learning. 3. Develop the high value-added low & medium carbon and alloy steel BIC market.	1. Look for other steel blank suppliers and seek the best materials supply combination in terms of steel type, batch and price. 2. Keep looking for the opportunity to collaborate with the domestic and overseas steel plants in the form of strategic alliance and in terms of resources.

II. Market and Production & Marketing Overview:

(I) Market Analysis:

1. Sales Area of Main Products:
Among the sales amount of the company in 2020, import accounts for 78% and export for 22%; the import covers all around Taiwan, while export is mainly based on US, Southeast Asia, Northeast Asia and Europe.
2. Market Share:
In 2020, the domestic consumption of stainless steel is about 202,000 tons and our import volume of 46,762 tons accounts for about 23.09% of the whole market in Taiwan.
3. Future Supply & Demand and Growth in Market:
 - (1) Stainless Steel:
Accompanied with the Mainland China's policy of ongoing expansion of stainless steel capacity as well as investment in the upstream materials, the company will actively look for any possible collaborators of strategic alliance in order to reduce the production costs, solidify the existing market and channel and continuously expand the new clients and market share.
 - (2) Non-stainless Steel:
By virtue of seeking the material sources with reliable quality and competitive price, the company keeps consolidating the existing customers, going on with expanding the clients and market share, uniting with the downstream customers, integrating the resources and provide the customized service, and assisting the customers with co-developing the new manufacturing process and new products in the hope that we can market the more complete mix of products and manufacturing processes all over the world.
 - (3) Expected Sales Volume:
In 2021, the company intends to achieve the total sales volume of stainless steel wire rod and non-stainless steel wire rod at approximately 190,000 tons and OEM-based carbon steel wire rod at about 90,000 tons. In the prospect of 2021, the vaccines against the COVID-19 pandemic has been vaccinated all round the world, along with the economic revitalization programs of each country so far; it is expected that the market will recover and seem optimistic, compared to the outbreak of the pandemic in 2020. Accordingly, the company also continues to actively expand the international market, in addition to the consolidation of the domestic market share; we optimize the ordering mix according to the customer's needs in each area, for example, steel type, size, quality, slow and quick delivery, etc., so as to upgrade the production effects and strengthen the entire comprehensive benefits.
4. Competition Niche:
 - (1) The company has made efforts in the market of stainless steel wire rod products for many years. We have complete sizes and multiple steel types, so we are quite well-reputed in the market. In the future, we will direct towards marketing flexibility, delivery expedition and service integration and keep providing the customers with the products of good quality and cheap price. In particular, flexibility, expedition and diversification would be the main key for victory in the market, in the face of the future

menace from the big stainless steel plants in the Mainland China.

- (2) In addition to continuing to take grasp of the environmental changes in the external market, the company also goes on with undergoing the engineering of enhancing the production efficiency of the production line for the purpose of lowering the production costs and reinforcing the market competitiveness of high-price niche products, such as the welding bar types of steel.
- (3) The company owns the related certificates of quality, environmental protection and safety, etc., for example, ISO 9001:2005 Quality Management System, ISO 14001:2015 Environment Management System, ISO 18001:2007 Occupational Safety and Health Management System, etc., as well as those certificates of import approval, as required in the export market, such as BIS 6527:1995 Certificate, issued by the Standards Bureau of India and Germany's PED 2014/68/EU.

5. Advantageous Factors for Development Prospect

The stainless steel products are possessed of such favorable conditions as anti-corrosion, easiness for processing & shaping, and mature mass production skill, etc. As the COVID-19 vaccines are gradually widespread and the supply & demand of the global industries restore the order step by step, every country will develop the infrastructure, public transportation, etc. to promote economy. The New US President Biden takes initiative to implement the 1.9 trillion stimulus package and the follow-up anti-pandemic restricted measures will be relaxed and expected to push the economic recovery. All of these factors are helpful to the development of the stainless steel industry. On April 6, 2021, IMF published the "World Economic Outlook", in which they suggest the recovery of economy in each country is much stronger than what is expected; therefore, they upgrade the global economic growth rate for last year at -3.3% and up-adjust the economic growth rate at 6.0% for this year and it is expected to grow by 4.4% next year. It is estimated in the report that Taiwan yearly economic growth rate for this year can expectedly attain to 4.7%, upgraded by 1.5% than 3.2%, forecast in last October. Therefore, the entire future market will assume the optimistic development this year.

Yieh Hsing Enterprise Co., Ltd. is known for taking all of quality, price, delivery and service into consideration. In order to achieve the foregoing multiple goals, the company will work on materials, production, management and research & development simultaneously.

- (1) In the part of materials, in order to control the stable stainless steel materials of good quality and cheap price, the company actively seeks the opportunity to cooperate with new plants, in addition to maintaining good relationship with the upstream suppliers, so as to ensure that the quality, price, batch and delivery of the company's materials can all achieve the optimized allocation; respecting carbon steel, the company adopts the way of taking care of both domestic and overseas purchase to adjust their batch and timing, based on the market price tendency in order to effectively control the materials and accept the orders.
- (2) In respect of production, the company establishes the cross-departmental

“Quality Improvement Mission Group” to direct the company’s production and quality improvement towards pursuit of excellence and specialization, based on the sales and market demands. For those customers who propose the special requirements, the company will adjust the production schedule in view of their requirements, in order to pursue the attainment of goal.

- (3) Concerning management, the company keeps conducting the manufacturing process improvement for the purpose of increasing the capacity of the production line, reducing the production costs, striving for quality improvement and raising competitiveness in the market. Yieh Hsing Enterprise Co., Ltd. discusses in details the weekly production status for the departments ranging from the sales department, production planning department to rolled steel, solid solution, pickling departments. We also conduct the detailed exploration on the customer complaint and the production defects that often occur.
- (4) With reference to research and development, the company goes on with developing new stainless steel types of high processing in order to expand the market and remove the menace of low-price competition. The import is based on carbon steel; the rebar and straight steel products in Pingnan Plant can serve the domestic construction and engineering market, while the export is emphasized on stainless steel with active exportation of the high value-added products into the market.

Our products have been sold in the market for many years and our quality and service are widely recognized by the customers. We continue to implement the Japan’s TMP to upgrade our production performance without cease and further reinforce the competitiveness in the market. Since 2008, we have introduced TPM (Total Productive Maintenance) management activities; during 2011 ~ 2013, we advocated the 5S activities; in March 2014, the first- stage TPM was centered on “equipment”, which was recognized on January 28, 2020 and won the special honor of the “Excellence Award”. At present, we carry out the 2nd-stage TPM, focusing on “personnel”. We will gradually become an enterprise which puts concurrent emphasis on the manufacturing industry and the servicing industry in the future, aiming at quality improvement, lean management, product innovation, and operation sustainability.

6. Disadvantageous Factors for Development Prospect

- (1) The production technique of stainless steel is incessantly innovative, so that the consumption of materials and energy is continuously reduced with the ceaseless rise of the productivity and yield. Most of stainless steel products are possessed of the production style of small volume and large variety. It is not easy for the manufactures to procure a large quantity of orders for many products, so they have to often swift the production between different materials and specifications.
- (2) The margin of the global steel industry is less than 10% in 2018, but it must pay EU over 10% of the exported product value as the carbon tariff

in the future. Therefore, to maintain the strength of the export industry, first of all we must catch up with the international carbon reduction target in the world by reducing carbon at 45% before 2030 and achieving zero carbon emission in 2050. Once each country starts to collect the carbon tariff, the increased economic costs from environment and export will make influence on the export competitiveness.

7. Countermeasures

The products of Yieh Hsing Enterprise Co, Ltd. had been marketed for many years and a variety of conditions are all accepted by the customers in each country. In addition, the production manufacturing processes are actively developed with big breakthroughs on the capacity. As far as the optimization of the company's constitution is concerned, in addition to working on the implementation of TPM to reduce costs and renew equipment, we mobilize the layout of materials and continue to actively exploit the source of domestic and overseas steel blank in anticipation for providing the customized products and service, enlarging the management of different clients and seeking the best costs mix and comprehensive operational performance on the conditions of different choices of steel types, quantity and price.

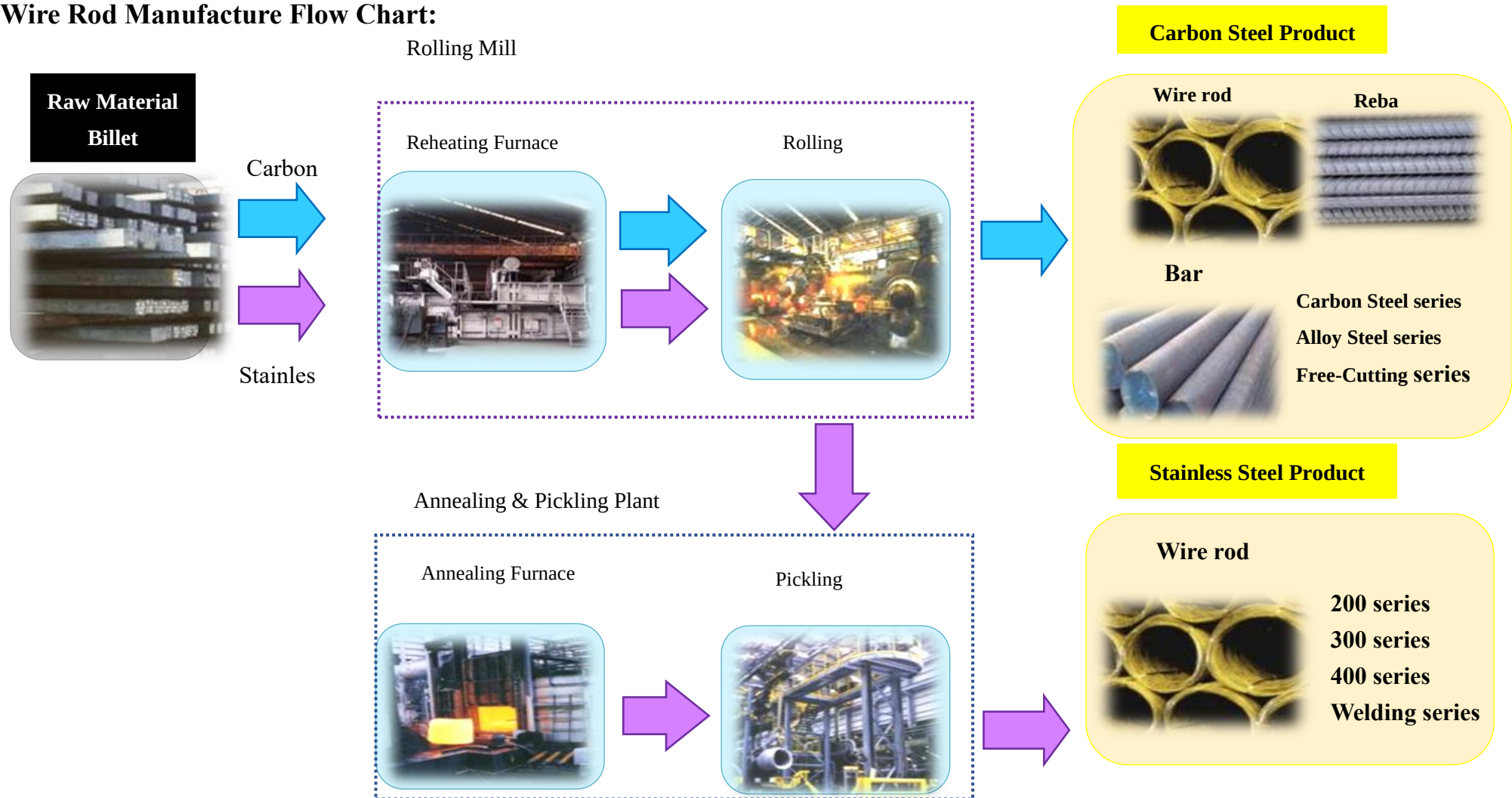
(II) Important Usage and Production Process of Main Products:

Wire Rod: Its main usage is on:

- (1) Wire Drawing: Cold Drawing of the Drawer — Bright Annealing of the Annealing Furnace
- (2) Screw: Drawing — Annealing — Cold hitting
- (3) Nut: Warm hitting
- (4) Small Hand Tools: Drawing — Annealing — Forging
- (5) Net Production: Rough — Annealing — Fine Drawing — Annealing Weaving
- (6) Spring: Rough — Annealing — Fine Drawing — Shape Rolling

Production Process :

Wire Rod Manufacture Flow Chart:



(III) Supply Status of the Company's Main Materials:

Main Materials	Supply from Domestic Companies	Supply from Overseas Companies
Stainless Steel Billet	99.43%	0.57%
Carbon Steel Billet	28.56%	71.44%

Because the company has long-term material supply relationship with suppliers for most of materials, the source of materials is quite stable.

(IV) Names and the Purchase (Sales) Amount & Percentage for those Customers who had ever accounted for more than 10% of the purchase (sales) turnover during any one of the most recent two fiscal years, along with Explanation on Reasons for Increase and Decrease:

INFORMATION OF MAIN SUPPLIERS DURING THE MOST RECENT TWO YEARS

Unit: NT\$ Thousands

Item	2019				2020				2021 up to the Previous Quarter (Note 2)			
	Name	Amount	Rate (%) to Net Purchase Amount of the Whole Year	Relationship to the Issuer	Name	Amount	Rate (%) to Net Purchase Amount of the Whole Year	Relationship to the Issuer	Name	Amount	Rate (%) to Net Purchase Amount of the Whole Year	Relationship to Issuer
1	Yieh United Steel Corp.	4,313,858	77.92	Related Party	Yieh United Steel Corp.	3,506,331	75.27	Related Party	Yieh United Steel Corp.	849,182	60.30	Related Party
2									A Company	317,453	22.54	Nil
3									B Company	172,191	12.23	Nil
	Others	1,222,384	22.08	Nil	Others	1,152,277	24.73	Nil	Others	69,550	4.93	Nil
	Net Purchase Amount	5,536,242	100		Net Purchase Amount	4,658,608	100		Net Purchase Amount	1,408,376	100	

Note 1: Specify the names of suppliers accounting for over 10% of the purchase turnover and their purchase amount & percentage during the most recent two years. However if it is agreed in the contract that the names of suppliers cannot be disclosed or the trading partners are individuals other than the related parties, the code shall be put instead.

Note 2: Up to the date of publication of the annual report, if the latest financial information of the listed company or those companies, the stock of which has been traded in the securities dealer's business department has been certified, audited or reviewed by the CPA, it shall be disclosed.

Note 3: The variation of the supplier's ranking mainly results from the change of the purchase policy, depending on the different product demands.

INFORMATION OF MAIN SALES CUSTOMERS DURING THE MOST RECENT TWO YEARS

Unit: NT\$ Thousands

	2019				2020				2021 up to the Previous Quarter (Note 2)			
Item	Name	Amount	Rate (%) to Net Sales Amount of the Whole Year	Relationship to the Issuer	Name	Amount	Rate (%) to Net Sales Amount of the Whole Year	Relationship to the Issuer	Name	Amount	Rate (%) to Net Sales Amount of the Whole Year	Relationship to Issuer
1	D31243	834,808	12.74	Nil	D31242	834,827	14.93	Nil				
	Others	5,717,996	87.26	Nil	Others	4,754,964	85.07	Nil	Others	1,672,594	100	Nil
	Net Sales Amount	6,552,804	100		Net Sales Amount	5,589,791	100		Net Sales Amount	1,672,594	100	

Note 1: Specify the names of customers accounting for over 10% of the sales turnover and their sales amount & percentage during the most recent two years. However if it is agreed in the contract that the name of customers cannot be disclosed or the trading partners are individuals other than the related parties, the code shall be put instead.

Note 2: Up to the date of publication of the annual report, if the latest financial information of the listed company or those companies, the stock of which has been traded in the securities dealer's business department has been certified, audited or reviewed by the CPA, it shall be disclosed.

Note 3: The variation of the customer's ranking mainly results from the sales demand adjustment of the individual customers.

(V) PRODUCTION VOLUME FOR THE MOST RECENT TWO FISCAL YEARS

Production Volume List for the Most Recent Two Fiscal Years

Unite: MT, Thousands

Production Volume List	2019			2020		
	Production Capacity	Yield	Output Value	Production Capacity	Yield	Output Value
Carbon Steel Wire Rod	500,000	93,167	1,735,390	500,000	90,018	1,443,012
Free-cutting Wire Rod		-	-		299	6,848
Alloy Steel Wire Rod		1,910	43,425		4,172	76,025
Stainless Steel Wire Rod		67,347	4,622,311		62,658	3,838,148
Bar Steel Wire Rod		-	-		-	-
OEM		125,720	336,314		59,288	169,534
Rebar		-	-		14	268
Tailings		9,599	67,226		7,617	53,454
Total	500,00	297,743	6,804,666	500,000	224,066	5,587,289

(VI) SALES VOLUME VALUE FOR THE MOST RECENT TWO FISCAL YEARS

Sales Volume Value for the Most Recent Two Fiscal Years

Unite: MT, Thousands

Sales Volume Value List	2019				2020			
	Import		Export		Import		Export	
Main Merchandise	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Stainless Steel Wire Rod	45,899	2,946,685	20,932	1,557,502	46,755	2,659,233	17,841	1,215,766
Carbon Steel Wire Rod	91,816	1,611,254	346	6,718	92,114	1,442,832	84	1,705
Alloy Steel Wire Rod	1,897	43,781	-	-	4,148	81,256	-	-
Free-cutting Wire Rod	-	-	-	-	299	7,135	-	-
Bar Steel	-	-	-	-	-	-	-	-
Rebar	-	-	-	-	-	-	-	-
OEM	128,434	293,946	-	-	55,233	124,748	-	-
Tailings	9,527	75,389	-	-	7,708	57,116	-	-
Others	-	17,529	-	-	-	-	-	-
Total	277,573	4,988,584	21,278	1,564,220	206,257	4,372,320	17,925	1,217,471

(VII) Key Performance Indicator of Steel Industry Specific

The steel industry is a capital intense industry. There has been no significant innovation or change on the equipment, technology and resources in the said industry, so various financial ratios and profitability can better reflect the operation & management performance of the steel industry and function as the key performance indicator.

For details of analysis of each kind of financial ratio and profitability in 2020 and 2019, see (2) Parent Company Only Financial Analysis for the Five Most Recent Years of (Chapter 6) Financial Overview of this Annual Report. In 2020, the company makes strenuous efforts to expand the stainless steel wire rod; in addition to solidifying the European and American markets, we maintain the domestic market volume. In comparison with 2020, the production and marketing of wire rod reduces a little.

The company's turnover in 2020 is on the decline; the turnover is 5.59 billion, by 0.96 billion less than last year's turnover of 6.55 billion; the net loss before tax of 0.466 billion in 2020 is less a little than 0.627 billion in 2019. The reduction of turnover in 2020 in comparison with 2019 is mainly caused by the impact of COVID-19 pandemic, leading to the decrease of demands in the international market; consequently, the export sales volume of stainless steel reduces by about 15%, the turnover is less by 22% around and the OEM yield suffers reduction of about 53%, so as to result in the reduction of turnover in 2020. Owing to the yield decline, the production costs rises as well. In the parent company only financial analysis in 2020: the debt to assets ratio is 42.62%; the ratio of long-term capital to property, plant & equipment is 196.6%; the current ratio is 83.88%; the interest coverage ratio is -2.53; the return on assets is -3.32%; the return on equity is -9.25% and the earnings per share is NT\$-0.89.

The company stabilizes the financial management and controls the capital liquidity; we continue to strive for such projects as updating equipment, meliorating manufacturing process, upgrading quality, developing products, lowering costs, etc. in order to cope with the fluctuation of the business climate and we anticipate to step forward to create the stable return for the shareholders, based on the sound financial structure.

III. Employees:

Information of Employees during the Most Recent Two Years up to the Date of Publication of Annual Report

Year	2019 (Consolidated)	2020	up to March 31, 2021
Employee No.	Male	475	400
	Female	103	44
	Total	578	444
Average Age	44	44	44
Average Service Years	5 Years and 2 Months	14 Years and 9 Months	14 Years and 7 Month
Distribution Rate of Education			
Ph. D.	0.35%	0.23%	0.22%
Master	8.82%	6.98%	6.89%
College & University	45.84%	44.37%	45.11%
Senior (Vocational High School)	37.72%	40.09%	39.33%
Below Senior High School	7.27%	8.33%	8.45%

IV. Information of Expenses for Environmental Protection:

- (1) During the most recent year up to the date of publication of annual report, the loss suffered from polluting the environment (including compensation and in case of violation items of the environmental protection law as a result of the environmental protection audit, specify the date of disposition, file no. of disposition, articles of law to be violated, contents of the law to be violated, and contents of disposition): Nil.
- (2) Estimated Amount and Countermeasures, which may occur for the present and in the future:
In addition to the preparation of the fixed expenses and expenditure of the environmental protection disposal, operation, maintenance and management each year, we would enhance the environment performance and reduce the environment loss in keeping with the compliance of the domestic related environment act as well as the international environment management tendency. We have obtained the certification of ISO14001:2015 edition of the environment management system.
- (3) Protection Measures for the Work Environment and Employees' Personal Safety:
The company has obtained the certification of OHSAS 18001/TOSHMS and ISO45001:2018 occupational safety and health management system.
- (4) Related Measures to respond to the implementation of the European Union's Directive on the Restriction of the Use of Certain Hazardous Substances (referred to as RoHS) and prevent the investors from the influence on their rights:
The company has implemented the relevant environmental protection measures in accordance with the regulations of the RoHS to meet its requirement, so the EU's RoHS does not make impact on our finance and sales.
- (5) The company has lost the controlling power of our subsidiaries, Kingsgarden International Co., Ltd. and Great Emperor Hotel Co., Ltd., respectively in Quarter 1 and Quarter 4, 2020.

V. Labor Relations:

- (I) Conditions of Various Employee Welfare Measures, Further Study, Training, Retirement System and its Implementation Status, Agreements between Capital and Labor and all Kinds of Employee Rights Protection Measures:
 1. Employee Welfare Measures:
 - (1) The company set up the Employee Welfare Committee on February 22, 1988, which takes charge of the welfare processing of the whole co-workers. Its measures include group insurance, birthday gift, travel subsidy, consolation allowance on festivals, consolation allowance for hospitalization of occupational injury and general injury and sickness, childbirth & abortion subsidy, funeral subsidy, scholarship for the employ himself/herself & children, subsidy for the activities of entertainment clubs, employee's emergency aid loan, etc. The budget, expenditure and arrangement of the welfare fund each year all depend on the discussion on meetings held by the committeemen of the Welfare Committee and the conditions of supervision and execution. It functions well for stabilizing the employee's work emotions.
 - (2) The company regards employees as one of the important assets. In addition to joining the labor & health insurance, the employees also join the group insurance and safety insurance for overseas trip, the coverage of which include the life insurance and safety insurance for domestic and overseas trips and the premium is all paid by the company in order to give more protection for the employee's work and life.
 - (3) In addition to the group insurance that the employees enjoy by themselves, they can also ensure the additional critical diseases/medical/cancer and accident insurance in the preferential premium for their immediate relatives/spouse at their own expenses, so that we can take good care of both the employees and their family.
 - (4) We plan and carry out the whole body health examination for employees each year in order to have initial control of their health.
 - (5) We cooperate with E-DA Hospital to appoint the physicians to provide the company's employees with such services as the health management, health symposiums and medical consultation, etc., based on the results of yearly health examination.
 - (6) In order to create a peaceful, healthy and fair work environment and make the employees take care of both work & family and keep physical, mental and spiritual health in balance, Yieh Hsing Enterprise Co., Ltd. implements the following measures: ① Flexible Vacation System: provide the flexible vacation system, so that the employees can arrange their special vacations during one year and keep the work and family in balance. We give according to the law such 16 items of vacations as personal leave, family care leave, sick leave, recuperation leave for developing cancer or tocolysis, female menstrual leave, occupational injury leave, official leave, maternity leave, prenatal visit leave, childbirth parental leave, newborn baby parental leave, funeral leave, special leave, private leave, and compensatory leave. When the co-workers need taking a leave, we can let them careless ② Unpaid Parental Leave System, ③ Protect Work Opportunities for the Physically and Mentally Disabled ④ Establish the "Sexual Harassment Prevention and Disposal Rules" and set up the sexual harassment prevention and punishment measures in the workplace.
 2. Employee's Further Study and Training:

The educational training of the company aims to cultivate each-level personnel in order for them to fully display their functions in the organizational system; it is also designed to enlighten their knowledge and skill, further achieve the talent cultivation goal and raise their work efficiency. We establish the “Educational Training Implementation Rules” to initiate the training courses step by step, including the newcomers’ educational training, and educational training on professional competency, general knowledge and management competency, etc. We anticipate to upgrade the knowledge and skill, required for the employees’ function via the well-designed educational training system, so as to maintain the foundation of the company’s sustainable operation and development. The company’s educational training system is divided to the internal training, dispatch training, studying abroad and future development, etc. The performance of related educational training in 2020 is listed below:

Information of Educational Training in 2020

Items	Person Times	Total Hours
Newcomers’ Training	25	200
Professional Competency Training	209	672
Factory Skill Training	513	1587
Chief Officer’s Competency Training	28	96
General Knowledge Education	763	3853
Environment Safety License	107	617
Total	1645	7025

3. Employee Retirement System and its Implementation Status:

(1) Employee Retirement System:

The act we use as basis for the company’s employees retirement processing is as follows:

- ① The new system of the “Labor Pension Act” applies to all employees who take their office on (including) July 1, 2005.
- ② For those employees who adopt the old system of the “Labor Standards Act”, the service years before July 31, 1984 will be applied to the regulations in the “Factory Workers Retirement Rules”, while the service years after August 1, 1984 will be applied to the “Labor Standards Act”.

(2) Employee Retirement System:

The company institutes the definite welfare retirement rules according to the “Labor Standards Act”, which apply to all official employees’ service years before the implementation of the “Labor Pension Act” on July 1, 2005 as well as the following service years of those employees who choose to continue the application of the “Labor Standards Act” after the implementation of the “Labor Pension Act”. For those employees who meet the retirement criteria, the payment and calculation of pension is based on their service years and average salary for 6 months before retirement; two bases are given for each full year of service rendered within (including) 15 years of service, while one base is given for each full year of service rendered over 15 years of service, limited to the highest 45 bases. The company appropriates 6% of the total salary amount as the pension fund per month and deposits into the individual account of the Bank of Taiwan in the exclusive name of the “Supervisory Committee of Labor Retirement Reserve”. Effective July 1, 2005, the company sets forth the definite appropriation retirement rules in accordance with the “Labor Pension Act”, which applies to our native employees. Respecting the labor pension system of the “Labor Pension Act”, which the employees choose to adopt to be applied to, we appropriate 6% of the salary per month as the labor pension into the employee’s individual account with the Labor Insurance Bureau; the payment of employee pension is subject to the amount of the employee individual pension account with the accumulated return, which can be received on a monthly basis or in the lump sum.

Procedures and Criteria for Application of Employee Pension

Concerning the employee retirement, the criteria for the application of retirement is prescribed as follows:

Those employees who meet one of the following criteria can apply for retirement by their own:

- (A) The service years with the company are over 15 years and they are 55 years old or over.
- (B) The service years with the company are over 25 years.
- (C) The service years with the company are over 10 years and they attain to 60 years old or over.

Depending on the company’s operation need, those employees who involve one of the following conditions shall apply for the mandatory retirement according to the law:

- (A) The employees are over 65 years old. However, for those employees who engage in the work of special nature, such as dangerous work in need of much physical strength, we would report with the central authority concerned and after approval, we would adjust the said age criterion, but it cannot under 55 years of age.
- (B) Those employees who are physically and mentally disable and ineligible for work.

Employee’s retirement and procedures of application for retirement is stipulated as follows:

- (A) Self-retirement: The principal should submit the retirement application with the personnel sector within 30 days (on) before the intended date of retirement; on receipt of the said application, the personnel sector should sign it up, enclose the photocopy of the “personnel information card”, along with the “Pension Estimation Table”, and report with the founder for approval.
- (B) Mandatory Retirement: The personnel sector automatically submits the report, subject to the company decision-making. For handling the signing processing and process, please refer to the above-mentioned processing method.

4. Agreements between Capital and Labor and Measures of Employee Rights Protection:

- (1) In order to reinforce the improvement of the labor safety facilities and work environment, efficiently reduce the occurrence rate of occupational disaster, and protect the labor safety and health, the company establishes a variety of management and implementation rules, for example the occupational disaster prevention plan, work rules on labor safety and health, dangerous machinery & equipment management rules, plan of working safely in the condensed space, operation environment detection & management rules, etc.
- (2) Employee Behavior & Ethics Rules & Regulations

The company sets forth the “Employee Work Rules” to regulate the service code. We additionally stipulate the “Reward & Punishment Rules” to regulate employees’ behavior, both of which are disclosed in the company’s internal employee information website.

- (3) Institute the capital and labor meetings for offering a platform for the mutual communication between them.
- (4) We establish the “Reward & Punishment Rules” inside the company to reward those who have excellent performance or make contributions. In addition to handling by signing and report the reward with major merit, merit and commendation, we distribute “bonus” as an encouragement, subject to the approved authorization level in the combined case.
- (5) In order to encourage the company’s employees to bring forward the opinions in favor of the operation improvements to attain to the objective of upgrading performance, we set up internally the innovative proposal management rules and calculate & approve the benefits and bonus, depending on the improved benefits.

(II) During the most recent year up to the date of publication of annual report, loss suffered from the labor disputes (including the violation items of the Labor Standards Act as a result of the labor inspection, specify the date of disposition, file no. of disposition, articles of law to be violated, contents of the law to be violated, contents of disposition) and disclose the estimated amount and countermeasures, which may occur for the present and in the future:

So far, the company has maintained a harmonious atmosphere between the capital and labor. Except that the employees can reflect problems with the chief officers, the company also sets up an appealing mailbox and irregularly holds the seminars for the conduction of face-to-face communication, in which we discuss and solve the problems together and protect the mutual rights of the capital and labor. Besides, all management regulations and systems comply with the “Labor Standards Act”. The year-end bonus takes one month as a base and the additional bonus will be distributed, depending on the performance. For that sake, no labor disputes occur during the most recent two years. It is estimated that no loss resulting from the labor disputes will occur in the future, under the circumstances that the company continues, actively implements and realizes various employee welfare measures.

VI. Important Contracts:

Nature of Contract	Parties Concerned	Date of Contract Started and Ended	Main Contents	Restriction Article
Material Supply Contract	Yieh Hsing Enterprise Co., Ltd. / Yieh United Steel Corp.	One term per month	To supply stainless steel and carbon steel small billet	Nil
Syndicated Loan	Yieh Hsing Enterprise Co., Ltd. / Mega International Commercial Bank	From March 5, 2019 to March 5, 2024	Syndicated Loan	Note 1
China Steel Corp.’s OEM Contract	Yieh Hsing Enterprise Co., Ltd. / China Steel Corp.	From January 1, 2021 to December 31, 2021	OEM of Carbon Steel Small Billet	Nil
Syndicated Loan	Great Emperor Hotel Co., Ltd. / Land Bank, Kaohsiung Branch	From August 26, 2014 to August 26, 2031	Building the international tourist hotel	Note 2
Syndicated Loan	Kingsgarden International Co., Ltd. / First Commercial Bank, Gangshan Branch	From August 26, 2014 to August 26, 2031	Building the boutique shopping plaza	Note 3

Note 1: As prescribed in the syndicated loan contract which the company entered into with such 10 banks as Mega International Commercial Bank, etc. in February 2019, we should calculate and maintain specific financial ratios, such as current ratio, debt ratio and interest coverage ratio, etc., subject to CPA audited and certified annual parent company only financial report and the CPA reviewed Q2 parent company only financial report during the loan period. Except that the interest coverage ratio does not meet the contract requirements, we comply with all other stipulations in the contract. The foregoing failure in meeting the requirements in terms of the financial ratios cannot be considered as the occurrence of contract violation, except that the compensation is paid to the management bank at 0.125% of the credit balance within the contracted deadline.

Note 2: As prescribed in the syndicated loan contract which Great Emperor Hotel Co., Ltd. entered into with such 10 banks as the Land Bank, etc., the subsidiary company should calculate and maintain specific financial ratios, such as current ratio, debt ratio, interest coverage ratio and net book value, etc., subject to CPA audited and certified annual non-consolidated financial report during the loan period; the review of the interest coverage ratio should begin at the expiration of 6 years after the initial facilitation date; the remaining ratios and standards shall be reviewed effective the first full fiscal year after the official operation of the hotel development project. Till December 31, 2019, 6 years for the facilitated loan have not expired and the hotel development project has not been in official operation, so review is unnecessary. Furthermore, a supplementary contract was made with the banks for the said contract between January 2020 to change the deadline for repaying loan from 6-year expiry to 8-year effective the loan facilitated date. Additionally this group has lost the controlling power of Great Emperor Hotel Co., Ltd. in Quarter 4 of 2020.

Note 3: As prescribed in the syndicated loan contract which Kingsgarden International Co., Ltd. entered into with such 10 banks as the First Commercial Bank, etc., the subsidiary company should calculate and maintain specific financial ratios, such as current ratio, debt ratio, interest coverage ratio and net book value, etc., subject to CPA audited and certified annual non-consolidated financial report during the loan period; the review of the interest coverage ratio should begin at the expiration of 6 years after the initial facilitation date; the remaining ratios and standards shall be reviewed effective the first full fiscal year after the official operation of the shopping plaza development project. Till December 31, 2019, 6 years for the facilitated loan have not expired and the shopping plaza development project has not been in official operation, so review is unnecessary. Furthermore, a supplementary contract was made with the banks for the said contract between January 2020 to change the deadline for repaying loan from 6-year expiry to 8-year effective the loan facilitated date. Additionally this group has lost the controlling power of Kingsgarden International Co., Ltd. in Quarter 1 of 2020.

Chapter 6 FINANCIAL OVERVIEW

1. Information of Condensed Balance Sheet and Consolidated Income Statement for the Most Recent Five Years

(1) Condensed Balance Sheet

1. Condensed Balance Sheet

Condensed Balance Sheet – Consolidated

Unit: NT\$ Thousands

Year		Financial Information for the Most Recent Five Years (Note 1)					Financial Information in the Current Year up to March 31, 2021 (Note 3)
Item		2016	2017	2018	2019	2020	
Current assets		2,109,591	2,952,027	3,257,389	3,279,346	2,457,761	2,413,550
Property, Plant and Equipment (Note 2)		12,149,196	13,765,823	15,652,513	18,946,254	5,091,130	5,016,390
Intangible assets		8,208	8,208	8,208	12,976	0	0
Other assets (Note 2)		295,367	288,161	286,779	304,722	290,293	291,703
Total assets		15,598,066	18,080,761	20,329,394	23,561,638	12,939,217	12,847,327
Current liabilities	Before distribution	2,608,034	4,373,322	3,899,783	3,043,549	2,929,969	3,035,318
	After distribution	2,608,034	4,373,322	3,899,783	3,043,549	Undistributed	Undistributed
Non-current liabilities		9,574,703	10,487,369	10,517,737	14,148,958	2,584,687	2,369,997
Total liabilities	Before distribution	12,182,737	14,860,691	14,417,520	17,192,507	5,514,656	5,405,315
	After distribution	12,182,737	14,860,691	14,417,520	17,192,507	Undistributed	Undistributed
Equity attributable to shareholders of the parent		3,414,229	3,219,565	3,340,933	2,739,822	7,424,561	7,442,012
Capital stock		6,306,516	5,306,516	5,306,516	5,306,516	5,306,516	5,306,516
Capital surplus		4,793	4,851	110,252	132,599	5,286,080	5,286,080
Retained earnings	Before distribution	(2,900,455)	(2,087,439)	(2,077,842)	(2,697,943)	(3,164,448)	(3,146,268)
	After distribution	(2,900,455)	(2,087,439)	(2,077,842)	(2,697,943)	Undistributed	Undistributed
Other equity interest		3,375	(4,363)	2,007	(1,350)	(3,587)	(4,316)
Treasury stock		0	0	0	0	0	0
Non-controlling interest		1,100	505	2,570,941	3,629,309	0	0
Total equity	Before distribution	3,415,329	3,220,070	5,911,874	6,369,131	7,424,561	7,442,012
	After distribution	3,415,329	3,220,070	5,911,874	6,369,131	Undistributed	Undistributed

Condensed Balance Sheet – Parent Company Only

Unit: NT\$ Thousands

Item \ Year	Financial Information for the Most Recent Five Years (Note 1)				
	2016	2017	2018	2019	2020
Current assets	1,853,233	2,559,388	2,685,471	2,352,834	2,457,761
Property, Plant and Equipment (Note 2)	6,209,706	5,900,761	5,661,359	5,378,094	5,091,130
Intangible assets	0	0	0	0	0
Other assets (Note 2)	323,571	307,071	302,063	281,826	290,293
Total assets	9,422,214	9,833,762	9,773,398	9,031,094	12,939,217
Current liabilities	Before distribution	2,266,560	3,199,195	3,683,530	2,517,766
	After distribution	2,266,560	3,199,195	3,683,530	2,517,766
Non-current liabilities		3,741,425	3,415,002	2,748,935	3,773,506
Total liabilities	Before distribution	6,007,985	6,614,197	6,432,465	6,291,272
	After distribution	6,007,985	6,614,197	6,432,465	6,291,272
Equity attributable to shareholders of the parent		3,414,229	3,219,565	3,340,933	2,739,822
Capital stock		6,306,516	5,306,516	5,306,516	5,306,516
Capital surplus		4,793	4,851	110,252	132,599
Retained earnings	Before distribution	(2,900,455)	(2,087,439)	(2,077,842)	(2,697,943)
	After distribution	(2,900,455)	(2,087,439)	(2,077,842)	(2,697,943)
Other equity interest		3,375	(4,363)	2,007	(1,350)
Treasury stock		0	0	0	0
Non-controlling interest		0	0	0	0
Total equity	Before distribution	3,414,229	3,219,565	3,340,933	2,739,822
	After distribution	3,414,229	3,219,565	3,340,933	2,739,822

- * If the company prepares the parent company only financial reports, the condensed balance sheet and consolidated income statement of the parent company only for the most recent five years shall be additionally prepared.
- * Those companies which adopt the International Financial Reporting Standards for less than five years should additionally prepare the financial information by adopting R.O.C. Financial Accounting Standards, as shown in following Table (2).

Note 1: Those years which have not been audited and certified by the CPAs should be specified.

Note 2: If the asset revaluation had ever been conducted in the current year, the date of conduction and the reevaluated and appreciated value should be specified.

Note 3: Up to the date of publication of annual report, if the listed companies or those companies, the stock of which has been traded in the securities dealer's business department have the latest CPA audited, certified or reviewed financial information, it should be disclosed as well.

Note 4: For the above-said figure after distribution, please fill up according to the resolution of the shareholders meeting in the next year.

Note 5: If the competent authority notifies the companies to correct or re-prepare the financial information on its own, the preparation should be made in the corrected or reorganized figures with the notes taken on its conditions and reason.

2. Condensed Income Statement

Condensed Income Statement – Consolidated

Unit: NT\$ Thousands

Year Item	Financial Information for the Most Recent Five Years (Note 1)					Financial Information in the Current Year up to March 31, 2021 (Note 2)
	2016	2017	2018	2019	2020	
Operating revenue	7,272,512	7,993,007	8,741,762	6,552,804	5,589,791	1,672,594
Gross profit	198,235	267,247	391,488	(235,118)	(163,309)	131,586
Income & loss from operations	(37,278)	12,929	140,202	(477,680)	(353,613)	87,409
Non-operating revenue & expenses	(215,776)	(181,876)	(119,922)	(158,082)	(127,532)	(68,386)
Income before tax	(253,054)	(168,947)	20,280	(635,762)	(481,145)	19,023
Income from continuing operation for this term	0	0	0	0	0	0
Loss on discontinuing operation	0	0	0	0	0	0
Income (loss) for this term	(256,695)	(184,748)	10,865	(652,969)	(484,760)	18,194
Other comprehensive income & loss for this term (net amount after tax)	(14,917)	(10,581)	(7,623)	18,750	1,348	(729)
Total amount of comprehensive income & loss for this term	(271,612)	(195,329)	3,242	(634,219)	(483,412)	17,465
Income attributable to shareholders of the parent	(256,004)	(184,153)	15,184	(642,187)	(470,090)	18,194
Income attributable to non-controlling interest	(691)	(595)	(4,319)	(10,782)	(14,670)	0
Total amount of comprehensive income & loss attributable to shareholders of the parent	(270,921)	(194,734)	7,561	(623,437)	(468,742)	17,465
Total amount of comprehensive income & loss attributable to non-controlling interest	(691)	(595)	(4,319)	(10,782)	(14,670)	0
Earnings per share	(0.48) (Note 5)	(0.35)	0.03	(1.21)	(0.89)	0.03

Condensed Income Statement – Parent Company Only

Unit: NT\$ Thousands

Year Item	Financial Information for the Most Recent Five Years (Note 1)				
	2016	2017	2018	2019	2020
Operating revenue	7,372,381	8,081,414	8,741,762	6,535,275	5,589,791
Gross profit	198,235	271,922	391,488	(252,647)	(163,309)
Income & loss from operations	(12,565)	54,826	181,886	(449,291)	(321,838)
Non-operating revenue & expenses	(239,798)	(222,383)	(158,082)	(178,182)	(144,637)
Income before tax	(252,363)	(167,557)	23,804	(627,473)	(466,475)
Income from continuing operation for this term	0	0	0	0	0
Loss on discontinuing operation	0	0	0	0	0
Income (loss) for this term	(256,004)	(184,153)	15,184	(642,187)	(470,090)
Other comprehensive income & loss for this term (net amount after tax)	(14,917)	(10,581)	(7,623)	18,750	1,348
Total amount of comprehensive income & loss for this term	(270,921)	(194,734)	7,561	(623,437)	(468,742)
Income attributable to shareholders of the parent	0	0	0	0	0
Income attributable to non-controlling interest	0	0	0	0	0
Total amount of comprehensive income & loss attributable to shareholders of the parent	0	0	0	0	0
Total amount of comprehensive income & loss attributable to non-controlling interest	0	0	0	0	0
Earnings per share	(0.48) (Note 5)	(0.35)	0.03	(1.21)	(0.89)

- * If the company prepares the parent company only financial reports, the condensed balance sheet and consolidated income statement of the parent company only for the most recent five years shall be additionally prepared.
- * Those companies which adopt the International Financial Reporting Standards for less than five years should additionally prepare the financial information by adopting R.O.C. Financial Accounting Standards, as shown in following Table (2).

Note 1: Those years which have not been audited and certified by the CPAs should be specified.

Note 2: Up to the date of publication of annual report, if the listed companies or those companies, the stock of which has been traded in the securities dealer's business department have the latest CPA audited, certified or reviewed financial information, it should be disclosed as well.

Note 3: Specify the loss on discontinuing operation in the net amount subtracting the income tax.

Note 4: If the competent authority notifies the companies to correct or re-prepare the financial information on its own, the preparation should be made in the corrected or reorganized figures with the notes taken on its conditions and reason.

Note 5: The company resolved to approve the capital decrease in order to eliminate NT\$1,000,000,000 accumulated loss in the shareholders meeting on June 21, 2017; ordinary shares of 100,000,000 were eliminated, so the share no. was retrospectively adjusted.

(2) NAMES OF CPAs AND THEIR AUDIT OPINIONS FOR THE MOST RECENT FIVE YEARS

Year	Name of CPA Firm	CPAs	Audit Opinions
2020	Crowe (TW) CPAs	Hsieh, Jen-Yao & Tsai, Shu-Man	Unreserved Opinions
2019	Crowe (TW) CPAs	Hsieh, Jen-Yao & Tsai, Shu-Man	Unreserved Opinions
2018	Crowe (TW) CPAs	Huang, Ling-Wen & Hsieh, Jen-Yao	Unreserved Opinions
2017	Crowe (TW) CPAs	Huang, Ling-Wen & Hsieh, Jen-Yao	Unreserved Opinions
2016	Crowe (TW) CPAs	Huang, Ling-Wen & Hsieh, Jen-Yao	Unreserved Opinions

Note 1: In line with the needs of the internal organization adjustment of Crowe (TW) CPAs, the company's CPAs changed from CPA Huang, Ling-Wen & CPA Liu, Yi-Hung to CPA Huang, Ling-Wen & CPA Hsieh, Jen-Yao, effective the certification of Q3 financial reports in 2016.

Note 2: In line with the needs of the internal organization adjustment of Crowe (TW) CPAs, the company's CPAs changed from CPA Huang, Ling-Wen & CPA Hsieh, Jen-Yao to CPA Hsieh, Jen-Yao & CPA Tsai, Shu-Man, effective the certification of Q2 financial reports in 2019.

II. Financial Analysis for the Most Recent Five Years

(1) Financial Analysis – Consolidated

Year (Note 1) Items for Analysis (Note 3)		Financial Analysis for the Most Recent Five Years					
		2016	2017	2018	2019	2020	Financial Information in the Current Year up to March 31, 2021 (Note 2)
Financial Structure (%)	Debt-asset ratio	78.10	82.19	70.92	72.97	42.62	42.07
	Ratio of long-term capital to property, plant and equipment	106.92	99.58	104.96	108.30	196.60	195.60
Solvency %	Current ratio	80.89	67.50	83.53	107.75	83.88	79.52
	Quick ratio	39.48	24.67	28.82	39.04	32.23	28.73
	Interest coverage ratio	(0.84)	(0.15)	1.15	(3.78)	(2.64)	1.63
Operating Ability	Receivables turnover rate (times)	45.66	29.82	29.16	41.50	42.31	33.58
	Average collection days for receivables	7.99	12.24	12.52	8.79	8.63	10.87
	Inventory turnover rate (times)	7.42	6.34	5.03	4.04	3.94	4.31
	Payables turnover rate (times)	63.77	65.55	51.24	42.24	68.60	99.91
	Average days for sale	49.18	57.57	72.56	90.35	92.64	84.69
	Property, plant and equipment turnover rate (times)	0.64	0.62	0.59	0.38	0.47	1.32
	Total assets turnover rate (times)	0.49	0.47	0.46	0.30	0.31	0.52
Profitability	Return on assets (%)	(0.96)	(0.37)	0.61	(2.49)	(2.08)	1.36
	Return on shareholders' equity (%)	(7.23)	(5.57)	0.33	(21.48)	(9.54)	1.07
	Ratio of pre-tax income to paid-in capital (%) (Note 7)	(4.01)	(3.18)	0.38	(11.98)	(9.07)	1.43
	Profit margin before tax (%)	(3.53)	(2.31)	0.12	(9.96)	(8.67)	1.19
	Earnings per share (NT\$)	(0.41)	(0.35)	0.03	(1.21)	(0.89)	0.03
Cash Flow	Cash flow ratio (%)	2.54	0.00	3.94	0.00	0.00	2.54
	Cash flow adequacy ratio (%)	12.54	1.37	2.76	2.10	1.74	2.11
	Cash flow reinvestment ratio (%)	0.35	0.00	0.67	0.00	0.00	0.46
Leveraging	Operating leverage	(8.37)	26.58	56.84	(12.22)	(14.41)	17.50
	Financial leverage	0.21	(0.10)	18.71	0.78	0.73	1.53

Please state the causes of variation in each financial ratio for the most recent two years (except when the variation of increase & decrease is less than 20%).

Year (Note 1) Item of Analysis (Note 3)	2020	2019	Ratio of Variation of Increase & Decrease (%)	Analysis on the causes of variation
Debt-asset ratio	42.62	72.97	(41.59)	The total liabilities for this term are less than that of the previous term.
Ratio of long-term capital to property, plant and equipment	196.6	108.30	81.53	The net amount of property, plant and equipment for this term is less than that of the previous term.
Current Ratio	83.88	107.75	(22.15)	The current assets for this term are less than that of the previous term.
Interest coverage ratio	(2.64)	(3.78)	30.16	The pre-tax net income for this term is more than that of the previous term.
Payables turnover rate (times)	68.6	42.24	62.41	The balance of each average payable for this term is less than that of the previous term.
Property, plant and equipment turnover rate	0.47	0.38	23.68	The average net amount of property, plant and equipment for this term is less than that of the previous term.
Return on shareholders' equity	(9.54)	(21.48)	55.59	The after-tax net income for this term is more than that of the previous term.
Ratio of operating income to paid-in capital	(6.66)	(9.00)	26.00	The operating income for this term is more than that of the previous term.
Net profit before tax to paid-in capital ratio	(9.07)	(11.98)	24.29	The before -tax net income for this term is more than that of the previous term.
Earnings per share	(0.89)	(1.21)	26.45	The operating income for this term is more than that of the previous term.

(2) Financial Analysis – Parent Company Only

Year (Note 1) Items for Analysis (Note 3)		Financial Analysis for the Most Recent Five Years				
		2016	2017	2018	2019	2020
Financial Structure (%)	Debt-asset ratio	63.76	67.26	65.82	69.66	42.62
	Ratio of long-term capital to property, plant and equipment	115.23	112.44	107.57	121.11	196.60
Solvency %	Current ratio	81.76	80.00	72.90	93.45	83.88
	Quick ratio	40.58	28.59	23.59	29.51	32.23
	Interest coverage ratio	(1.03)	(0.32)	1.18	(3.74)	(2.53)
Operating Ability	Receivables turnover rate (times)	43.57	29.69	29.16	41.39	42.31
	Average collection days for receivables	8.38	12.29	12.52	8.82	8.63
	Inventory turnover rate (times)	7.53	6.41	5.03	4.04	3.94
	Payables turnover rate (times)	65.00	66.79	51.72	42.61	69.07
	Average days for sale	48.50	56.91	72.56	90.35	92.64
	Property, plant and Equipment turnover rate (times)	1.16	1.33	1.51	1.18	1.07
	Total assets turnover rate (times)	0.76	0.84	0.89	0.70	0.51
Profitability	Return on assets (%)	(1.58)	(0.82)	1.21	(5.70)	(3.32)
	Return on shareholders' equity (%)	(7.21)	(5.55)	0.46	(21.12)	(9.25)
	Ratio of pre-tax income to paid-in capital (%) (Note 7)	(4.00)	(3.16)	0.45	(11.82)	(8.79)
	Profit margin before tax (%)	(3.47)	(2.28)	0.17	(9.83)	(8.41)
	Earnings per share (NT\$)	(0.41)	(0.35)	0.03	(1.21)	(0.89)
Cash Flow	Cash flow ratio (%)	12.20	0.00	7.37	0.00	0.00
	Cash flow adequacy ratio (%)	18.63	11.96	23.76	38.70	27.95
	Cash flow reinvestment ratio (%)	2.14	0.00	2.18	0.00	0.00
Leveraging	Operating leverage	(26.79)	7.11	43.81	(12.96)	(15.83)
	Financial leverage	0.09	(0.76)	3.46	0.77	0.71

Please state the causes of variation in each financial ratio for the most recent two years (except when the variation of increase & decrease is less than 20%).

Year (Note 1) Item of Analysis (Note 3)	2020	2019	Ratio of Variation of Increase & Decrease (%)	Analysis on the causes of variation
Debt-asset ratio	42.62	69.66	(38.82)	The total liabilities for this term are less than that of the previous term.
Ratio of long-term capital to property, plant and equipment	196.60	121.11	62.33	The total amount of shareholders' equity for this term is more than that of the previous term.
Interest coverage ratio	(2.53)	(3.74)	32.35	The net income before the income tax and interest expenses for this term is more than that of the previous term.
Payables turnover rate (times)	69.07	42.61	62.10	The balance of each average payable for this term is less than that of the previous term.
Total assets turnover rate (times)	0.51	0.70	(27.14)	The sales turnover for this term is less than that of the previous term.
Return on assets	(3.32)	(5.70)	41.75	The after-tax net income for this term is more than that of the previous term.
Return on shareholders' equity	(9.25)	(21.12)	56.20	The after-tax net income for this term is more than that of the previous term.
Ratio of operating income to paid-in capital	(6.06)	(8.47)	28.45	The operating income for this term is more than that of the previous term.
Net profit before tax to paid-in capital ratio	(8.79)	(11.82)	25.63	The before -tax net income for this term is more than that of the previous term.
Earnings per share	(0.89)	(1.21)	26.45	The after-tax net income for this term is more than that of the previous term.
Cash flow adequacy ratio (%)	27.95	38.70	(27.78)	The cash flow from operating activities for this term and the most recent five years is less than that of the previous term.
Operating leverage	(15.83)	(12.96)	(22.15)	The operating revenue for this term is less than that of the previous term.

- * If the company prepares the parent company only financial reports, the analysis of the financial ratios of the parent company only shall be additionally prepared.
- * Those companies for which the financial information adopts the International Financial Reporting Standards for less than five years should additionally prepare the financial information, adopting the R.O.C. Financial Accounting Standards, as shown in following Table (2).

Note 1: Those years for which the financial reports were not audited and certified by the CPAs should be specified.

Note 2: Up to the date of publication of annual report, if the listed companies or those companies, the stock of which has been traded in the securities dealer's business department, have the latest CPA audited, certified or reviewed financial information, it should be disclosed as well.

Note 3: The following calculation formulas shall be listed at the end of this Table in the annual report:

1. Financial structure
 - (1) Debt-asset ratio = total liabilities / total assets
 - (2) Ratio of property, plant and equipment = (total equity + non-current liabilities) / net worth of 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 = income before income tax and interest expenses / current interest expenses
3. Operating ability
 - (1) Receivables (including accounts receivable and notes receivable arising from business operations) turnover rate = net sales / average receivables (including accounts receivable and notes receivable arising from business operations) for each period
 - (2) Average collection days for receivables = 365 / receivables turnover rate
 - (3) Inventory turnover rate = cost of sales / average inventory
 - (4) Payables (including accounts payable and notes payable arising from business operations) turnover rate = cost of sale / average payables (including accounts payable and notes payable arising from business operations) for each period
 - (5) Average days of sale = 365 / inventory turnover rate
 - (6) Property, plant and equipment turnover rate = net sales / average net worth of property, plant and equipment
 - (7) Total asset turnover rate = net sales / average total assets
4. Profitability

- (1) Return on assets = [net income + interest expenses (1- tax rate)] / average total assets
 - (2) Return on equity = net income / total amount of average equity
 - (3) Profit margin ratio = after-tax net income / net sales
 - (4) Earnings per share = (Income attributable to shareholders of the parent – dividends on preferred shares) / weighted average number of issued shares (Note 4)
 5. Cash Flow
 - (1) Cash flow ratio = Net cash flow from operating activities / current liabilities
 - (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend)
 - (3) Cash flow reinvestment ratio = (Net cash flow from operating activities – cash dividend) / gross property, plant and equipment value + long-term investment + other non-current assets + working capital) (Note 5)
 6. Leveraging:
 - (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 6)
 - (2) Financial leverage = operating income / (operating income / interest expenses)
- Note 4: When the above formula for calculation of earnings per share is used during measurement, give special attention to the following matters:
1. Measurement should be based on the weighted average number of common shares, not the number of issued shares at year end.
 2. In any case where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
 3. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
 4. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from the net profit after tax; if there is loss, then no adjustment need be made.
- Note 5: Give special attention to the following matters when carrying out cash flow analysis:
1. Net cash flow from operating activities means net cash in-flows from operating activities listed in the statement of cash flows.
 2. Capital expenditures means the amounts of cash out-flows for annual capital investment.
 3. Inventory increase will only be entered when the ending balance is larger than the beginning balance. An inventory decrease at year end will be deemed zero for calculation.
 4. Cash dividend includes cash dividends from both common shares and preferred shares.
 5. Gross property, plant and equipment value means the total value of property, plant and equipment prior to the subtraction of accumulated depreciation.
- Note 6: Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, give special attention to their reasonableness and to maintaining consistency.
- Note 7: If the company's stock is free from the par value or has the par value per share in the amount other than NT\$10, the above-mentioned ratio of its value to the paid-in capital shall be calculated instead on the basis of the ratio of equity attributable to shareholders of the parent in the balance sheet.

III. Audit Report of the Audit Committee in the Financial Report for the Most Recent Year: For details, see Page 269

IV. Financial Statements for the Most Recent Year: See Pages 95 ~ 184 for details.

V. CPA Audited and Certified Parent Company Only Financial Report for the Most Recent Year: See Pages 185 ~ 263 for details.

VI. If the difficulty in financial turnover happens to the company and its affiliates in the most recent year up to the date of publication of the annual report, its impact on the company's financial status should be specified: Nil.

Chapter 7 Review and Analysis of Financial Status & Financial Performance and Risk Matters

I. Financial Status

Unit: NT\$ Thousands

Item	Year	2020 (Consolidated)	2019 (Consolidated)	Difference	
				Amount	%
Current Assets		2,457,761	3,279,346	(821,585)	(25.05)
Non-current Assets		10,481,456	20,282,292	(9,800,836)	(48.32)
Total Assets		12,939,217	23,561,638	(10,622,421)	(45.08)
Current Liabilities		2,929,969	3,043,549	(113,580)	(3.73)
Non-current Liabilities		2,584,687	14,148,958	(11,564,271)	(81.73)
Total Liabilities		5,514,656	17,192,507	(11,677,851)	(67.92)
Total Equity Attributable to Shareholders of the Parent		7,424,561	2,739,822	4,684,739	170.99
Non-controlling Equity		-	3,629,309	(3,629,309)	(100.00)
Total Equity		7,424,561	6,369,131	1,055,430	16.57
Analysis and Explanation on Variation of Increase & Decrease Rate:					
1.	The foregoing current assets, non-current assets, total assets, non-current liabilities, total liabilities and non-controlling equity mainly results from the company's loss control of two subsidiaries respectively in Q1 & Q4 of this term. Total equity attributable to shareholders of the parent: The main reason is the company's loss control of two subsidiaries respectively in Q1 & Q4, so the company re-forwards the whole unrealized interest which it sold to the subsidiaries previously to the capital reserve, according to the regulations.				
2.					

II. Financial Performance

(1) Comparison and Analysis of Financial Performance

Unit: NT\$ Thousands

Item \ Year	2020 (Consolidated)	2019 (Consolidated)	Difference	
			Amount	%
Operating Revenue	5,589,791	6,552,804	(963,013)	(14.70)
Operating Costs	5,753,100	6,787,922	(1,034,822)	(15.25)
Operating Gross Margin	(163,309)	(235,118)	71,809	30.54
Operating Expenses	190,304	242,562	(52,258)	(21.54)
Operating Net Income (Loss)	(353,613)	(477,680)	124,067	25.97
Non-operating Revenue & Expenses	(127,532)	(158,082)	30,550	19.33
Before-tax Net Income (Net Loss)	(481,145)	(635,762)	154,617	24.32
Income Tax Costs	(3,615)	(17,207)	13,592	78.99
Net Income (Net Loss) for this Term	(484,760)	(652,969)	168,209	25.76
Other Comprehensive Income & Loss (Net Amount)	1,348	18,750	(17,402)	(92.81)
Total Amount of Comprehensive Income & Loss for this Term	(483,412)	(634,219)	150,807	23.78
Analysis and Explanation on Variation of Increase & Decrease Rate:				
1. Operating Gross Margin:	Early this year, the steel market was influenced by the pandemic, resulting in recession of the overseas market. The nickel price had ever collapsed and further impacted the material costs, selling price & sales volume of the steel industry. The export market of the downstream customers was affected as well, so that the inventory cannot be rapidly cleared and the demand reduced. Due to the reduction of demands, both the sales volume and the selling price failed in effectively creating the difference in price; the decrease of the company's yield further led to the increase of costs, which was unfavorable to the operation. Consequently the gross margin assumed negative.			
2. Operating Expenses:	Due to the company's loss control of two subsidiaries respectively in Q1 & Q4 of this term.			
3. Operating Net Income (Net Loss):	The loss of the operating gross margin reduced in this term.			
4. Before-tax Net Income (Net Loss)	The operating loss reduced in this term.			
5. Income Tax Costs:	The estimated deferred income tax is less than that in the previous term.			
6. Net Income (Loss) in this Term:	The operating loss reduced in this term.			
7. Other Comprehensive Profit & Loss (Net Amount):	The re-measured number of the definite welfare plan reduced in this term.			
8. Total Amount of Comprehensive Income & Loss for this Term	The operating loss reduced in this term.			

(2) Analysis of Variation of Operating Gross Margin:

Early this year, the steel market was influenced by the pandemic, resulting in recession of the overseas market. The nickel price had ever collapsed and further impacted the material costs, selling price & sales volume of the steel industry. The export market of the downstream customers was affected as well, so that the inventory cannot be rapidly cleared and the demand reduced. Due to the reduction of demands, both the sales volume and the selling price failed in effectively creating the difference in price; the decrease of the company's yield further led to the increase of costs, which was unfavorable to the operation. Consequently the gross margin assumed negative.

III. Cash Flow

(1) Analysis of Variation of Cash Flow in the Most Recent Two Years

Unit: %

Year Item	2020 (Consolidated)	2019 (Consolidated)	Ratio of Increase & Decrease
Cash Flow Ratio	0.00	0.00	-
Cash Flow Adequacy Ratio	1.74	2.10	(17.14)
Cash Reinvestment Ratio	0.00	0.00	-
Analysis and Explanation on Variation of Increase & Decrease Rate: Cash Flow Adequacy Ratio: The cash flow from operating activities for the most recent five years in this term reduced than that of the previous term			

- (2) Improvement Plan of Flow Deficit: Nil.
(3) Cash Flow Analysis for the Coming Year

Unit: NT\$ Thousands

Unit: NT\$ Thousands

Year	Cash Balance at the Beginning of the Period (1)	Estimated Net Cash Inflow from Operating Activities in the Whole Year (2)	Estimated Cash Outflow from Operating Activities in the Whole Year (3)	Estimated Cash Outflow from Financing Activities in the Whole Year (4)	Estimated Cash Residual (Deficit) Amount (1)+(2)-(3)+(4)	Remedial Measures for Estimated Cash Deficit	
						Investment Plans	Financing Plans
2021	\$208,795	\$444,667	\$32,787	\$230,000	\$390,675	-	-
1. Analysis of Cash Flow Variation in the Current Year:							
(1) Operating Activities:		The estimated cash inflow is NT\$444,667,000, which is contributed by the sale of the stainless steel wire rod so as to accrue the net cash inflow.					
(2) Investment Activities:		The estimated cash outflow is NT\$32,787,000, mainly due to the net cash outflow arising from the addition and improvement of equipment.					
(3) Financing Activities:		The estimated cash outflow is NT\$230,000,000, mainly due to the net cash outflow arising from the repayment of bank borrowings.					
2. Remedial Measures for Estimated Cash Deficit: Not Applicable.							

IV. Impact of Significant Capital Expenditure on Finance and Sales during the Most Recent Year: Nil.

V. Reinvestment Policy in the Most Recent Year, Main Causes for its Profit or Loss, Improvement Plans and Investment Plans for the Coming Year

1. Table of Analysis of Reinvestment in the Most Recent Year:

Unit: NT\$ Thousands

Description Item	Amount	Policy	Main Cause for Profit or Loss	Improvement Plan
Yi Mao Development Co., Ltd.	27,520	Department Stores, Recreational Park, Hotel Industry	Because the company is still situated at the non-sale stage, only petty and sporadic expenses arise.	-

2. Investment Plan for the Coming Year:
We continue to seek the industry which is worthy of investment for further investment, in keeping with the group's entire development strategy.

VI. ITEMS OF ANALYSIS AND ASSESSMENT ON RISK MATTERS DURING THE MOST RECENT YEAR UP TO THE DATE OF PUBLICATION OF THE ANNUAL REPORT:

(1) Effect upon the Company's Profit and Loss of Interest Rate & Exchange Rate Fluctuation and Inflation and Countermeasures to be Taken in the Future:

1. Effect upon the Company's Profit and Loss of Interest Rate Fluctuation:

The interest rate risk of the company mainly comes from the short-term & long-term loan which is used for the operational turnover; we improve the company's interest rate risk by seeking the interest-bearing project at the low interest rate and further creating the operating income. If the average loan interest rate is adjusted at 1%, it will affect our before-tax income at about NT\$47,915,000.

2. Effect upon the Company's Profit and Loss of Exchange Rate Fluctuation:

In terms of the company's turnover, the proportion of import and export is respectively 78% and 22%; in respect of the materials supply, the proportion of domestic supply and overseas supply is separately 83% and 17%; the import and export exchange rate is mutually adjusted, so the effect of the exchange rate fluctuation on our business is limited; however the related personnel should do their best to pay attention to those noticeable matters in order to protect the company's rights from being harmed. In 2020, the exchange income of the company is NT\$4,238,000.

3. Effect of Inflation on the Company's Profit and Loss: It does not make significant impact on the company's profit and loss.

(2) The Company's Policy regarding High-risk Investments, Highly-leveraged Investments, Loans to Other Parties, Endorsements, Guarantees, and Derivatives Transactions; Main Reasons for the Profit or Loss Generated thereby and Countermeasures to be Taken in the Future:

The company does not engage in the high-risk & highly-leveraged investments and derivative transactions. All of our endorsements and guarantees are handled in accordance with our "Procedures concerning Processing of Capital Loan to Others and Endorsements & Guarantees".

(3) Future Research & Development Plan and Research & Development Expenditures Estimated to be Input in the Future:

The company continues to develop new stainless steel types of high processing in order to expand the market. The new techniques and products which are scheduled for research and development include:

1. Research and development of 300 series high value-added products and application & development of 400 series stainless steel product – YH440M and research & development of 303CU free-cutting products, which are designed to respond to the customers' demands and the market trend. The development of new steel types would let the steel types be more complete and satisfy the needs of different clients. We plan to obtain JIS MARK-G4308 certification in 2021.
2. Development of new steel types of alloy steel and carbon steel cold hitting wire rod, which are designed to correspond to the clients' requirements for upgrading the product's high added value, expand the niche market and raise the company's profit.
3. Development of special-size products, which aim to meet for the clients' processing features and develop the wire rod of special size in keeping with them, so as to reduce their processing costs and expand our niche market.
4. The company keeps developing new stainless steel types of high processing in order to expand the market.

(4) Effect on the Company's Finance and Sales of Important Domestic & Foreign Policies and Changes in Law and Countermeasures: Nil.

(5) Effect on the Company's Finance and Sales of Changes in Science and Technology as well as Industrial Changes, and Measures to be Taken in Response:

In the foreseeable future, the industry of ours would not suffer from any effect on the company's finance and sales due to the changes in science and technology as well as the material industrial changes.

- (6) Effect on the Company's Crisis Management of Changes in the Company's Corporate Image, and Measures to be Taken in Response:

In 2020, the company did not involve any material negative events, which affect our corporate image; besides, we continue to upgrade our corporate governance policy & information transparency and actively change our corporate image.

- (7) Expected Benefits and Possible Risks Associated with any Merger and Acquisition, and Countermeasures: Nil.

- (8) Expected Benefits and Possible Risks Associated with any Plant Expansion, and Countermeasures:

Due to shareholding decrease, the company had lost the controlling power of Kingsgarden International Co., Ltd. in Q1 of 2020 and that of Great Emperor Hotel Co., Ltd. in Q4 of 2020.

- (9) Risks Associated with any Consolidation of Sales and Purchasing Operations, and Countermeasures:

The company's sales market covers all over the world and around our nation, so there is no consolidation of sales involved, while in terms of the purchase of materials, due to consideration of the inventory fund costs and the smooth schedule of the production process, Yieh United Steel Corp. is our main force of purchase of the stainless steel materials for the present; the said company has good relationship with our company, so there will be never the concern about the risk concentration. In 2020, the turnover of our parent company assumed the declining tendency with the annual turnover at NT\$5,590,000,000, which was NT\$950,000,000 less than last year's turnover of NT\$6,540,000,000; the before-tax net loss in 2020 is NT\$466,000,000, a little less than NT\$627,000,000 before-tax net loss in 2019. The decrease of turnover in 2020, compared to that in 2019, is mainly affected by the COVID-19 pandemic, which caused the reduction of the international market's demands; the export sales volume of stainless steel reduced at 15% around; the sales turnover decreased at 22% and the OEM yield was about 53% less, so that the turnover in 2020 lessened. The drop of yield led to the rise of the production costs and the reduction of demands, which in turn brought the competition in the market; it was hard hence for the company to create the price difference, so the margin was -2.9%. At present, we make strenuous efforts to maintain the existing market, actively expand the high-value products, improve the manufacturing process, conduct the lean management processing, and control the production costs. It is anticipated that the company can create the better profit-seeking conditions and cut a conspicuous figure in the new wave of competition in the market. Currently, we are doing our best to review how to expand the market again and seek other suppliers with low costs with a view to reducing the purchase concentration risk step by step.

- (10) Effect upon and Risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the company has been transferred or has otherwise changed hands, and Countermeasures to be Taken: Nil.

- (11) Effect upon and Risk to the Company Associated with any Change in Management Rights, and Countermeasures: Nil.

- (12) For litigious and non-litigious matters, list major litigious, non-litigious or administrative disputes that involve the company and any company's director, supervisor, president, de-facto responsible person, any major shareholder holding a stake of greater than 10%, and any company controlled by the company, have been concluded by means of a final and unappeasable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the disputes, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: Nil.

- (13) Other Important Risks, and Countermeasures to be Taken:

Description of Risk: Internal Risk of Information Security

Influence & Impact: Divulgarion of the company's confidential information

Affected Stakeholders: Employees, Customers, Suppliers Response Measures:

【Implementation of Information Security Policy】

In order to ensure the security of the company's information assets and information, and keep the execution smooth of the information processing related to various operations of the company, the company's president issued the company's "Information Security Policy" for the whole personnel to comply with on June 26, 2019.

In addition to implementing a variety of information security protection and management regulations, we also meet the requirements of the government's related information security policies and acts.

【Information Security Audit Measures】

1. On a regular basis each year, the company implements the general information security control processing in order to audit the information unit's execution of various information security measures.
2. Consist with the internal control self-check processing which the company regularly conducts each year and receive the audit of external certification, including ISO 9001, ISO 14001, ISO 45001 and ISO 5001.

【Information Security Management Mechanism】

Establish various information processing and management rules for the company's employees and the information unit to comply with in respect of the security & protection management, including:

1. Business Information Security Management Rules
2. Electronic Media Management Rules
3. Personal Computer Software Use Rules
4. Application Rules for Computer Hardware

【Management Measures of Information Security】

1. Set up the backup mechanism for the important host computer, network switch, uninterruptible power system, electricity and air-conditioning system, etc., build up the temperature & humidity real-time monitoring and warning of the computer facilities and the firefighting system and install the file offsite backup framework.
2. In view of the information security menace from the external internet, install IPS (Intrusion Prevention System), DDos protection and such protections as spam filtering, computer antivirus, web filtering, etc.
3. Take complete records of and keep use track records of the firewall, computer online network packet, online records and emails.

【Educational Training of Information Security】

In order to instill the information security risk awareness into the company's employees, the company irregularly provides the related information of "business information security" and "information security cases" on the company's Info net, indoctrinate the business information security awareness into the employees, so that they can know the service contents and limitations of the provided information and cultivate the cognition of information security and menace.

【Risk Protection of Information Facilities】

1. Sign the maintenance contract: In order to prevent the important information facilities from disorder and damage, we sign the maintenance contract with the system build-up dealers in respect of the software and hardware of each system for the purpose of maintaining the stability of systems and equipment.
2. Information Backup and Verification: Regular backup and verification of the important information in the host computer to ensure the operation of the business rapid recovery system and minimize the interruption time of operation and business loss.

VII. OTHER IMPORTANT MATTERS: Nil.

Chapter 8 SPECIAL ITEMS TO BE SPECIFIED:

I. Information Related to the Company's Affiliates:

- (1) Consolidated Business Report of the Affiliates: In accordance with Paragraph 1, Article 2 of the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, Consolidated Financial Statements and Relationship Report of Affiliated Enterprises", at the end of the current fiscal year, the company does not meet the requirements for the controlling company, as stipulated in the said act, so no preparation is needed.
- (2) Consolidated Financial Reports of the Affiliates: For details, see Pages 95~ 184
- (3) Relationship Report: For details, see Pages 264~ 268

II. Private Placement to be Carried out during the Most Recent Year up to the Date of Publication of the Annual Report: Nil.

III. Holding or Disposal of the Company's Shares by its Subsidiaries during the Most Recent Year up to the Date of Publication of the Annual Report: Nil.

IV. Other Matters that require additional description: Nil.

Chapter 9 ANY OF THE SITUATIONS SPECIFIED IN SUBPARAGRAPH 2, PARAGRAPH 3, ARTICLE 36 OF THE SECURITIES AND EXCHANGE ACT, WHICH MIGHT MATERIALLY AFFECT SHAREHOLDERS' EQUITY OR THE PRICE OF THE COMPANY'S SECURITIES DURING THE MOST RECENT YEAR UP TO THE DATE OF PUBLICATION OF THE ANNUAL REPORT:

1. Originally, the company held 211,950,000 ordinary shares of the subsidiary, Kingsgarden International Co., Ltd. at the shareholding rate of 50.71%; after capital increase on March 11, 2020, the paid-in capital of Kingsgarden International Co., Ltd. increased to NT\$4,250,000,000; because the company gave up the ordinary share subscription case at this cash capital increase and negotiated to have our parent company fully subscribe the same, our shareholding rate reduced from 50.71% to 49.87%; consequently, we lost the controlling power of Kingsgarden International Co., Ltd.

As per description regarding the "Questions about Related Accounting Disposal of the Non-realized Profit & Loss due to the Shareholding Variation of the Companies in the Conglomerate", announced by the Accounting Research and Development Foundation in its Questions and Answers Collection on October 30, 2018, after the loss of controlling power, the company should re-forward in full, according to the regulations, the non-realized profit in the amount of NT\$2,606,470 Thousands, which comes from our previous sale of the real estate to Kingsgarden International Co., Ltd., into the "Capital Reserve - Non-realized Profit & Loss from Transactions in the Conglomerate"

2. Originally, the company held 209,950,000 ordinary shares of the subsidiary, Great Emperor Hotel Co., Ltd. at the shareholding rate of 53.56%; after capital increase on October 30, 2020, the paid-in capital of Great Emperor Hotel Co., Ltd. increased to NT\$4,620,000,000; because the company gave up the ordinary share subscription case at this cash capital increase and negotiated to have our parent company fully subscribe the same, our shareholding rate reduced from 53.56% to 45.44%; consequently, we lost the controlling power of Great Emperor Hotel Co., Ltd.

As per description regarding the "Questions about Related Accounting Disposal of the Non-realized Profit & Loss due to the Shareholding Variation of the Companies in the Conglomerate", announced by the Accounting Research and Development Foundation in its Questions and Answers Collection on October 30, 2018, after the loss of controlling power, the company should re-forward in full, according to the regulations, the non-realized profit in the amount of NT\$2,523,275 Thousands, which comes from our previous sale of the real estate to Great Emperor Hotel Co., Ltd., into the "Capital Reserve - Non-realized Profit & Loss from Transactions in the Conglomerate"

Representation Letter

The entities that are required to be included in the combined financial statements of Yieh Hsing Enterprise Co., Ltd. as of and for the year ended December 31, 2020, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Financial Statements of Affiliated Enterprises and Consolidated Business Reports” are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No.10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Yieh Hsing Enterprise Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Yieh Hsing Enterprise Co., Ltd.

By

Lin Mao Wu
Chairman

March 24, 2021

Independent Auditors' Report

To the Board of Directors and Shareholders
Yieh Hsing Enterprise Co., Ltd.

Opinion

We have audited the consolidated financial statements of Yieh Hsing Enterprise Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards 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, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

Revenue recognition

Please refer to Note 4.19 to the consolidated financial statements for the accounting policy on revenue recognition; Note 5.1.(1) for major accounting estimates and assumptions of revenue recognition; and Note 6.22 for the details of revenue recognition.

Description of key audit matter

Cause the Group engages mainly in the manufacturing and selling of wire rods and steel processed, operating revenue is one of the major item in the financial report and becomes to the concerns for users of financial statements. Therefore, we determined the revenue recognition as a key audit matter.

How the matter was addressed in our audit

Our key audit procedures included analyzing the industry trends, income types, product lines, and customers' two-year operating income status to confirm whether there are abnormal circumstances or centralized transactions and identify possible risks; understanding and testing the internal control procedure to assess the effectiveness of the relevant internal control for revenue recognition; conducting a sample test on the sales transactions of the top ten new customers to confirm the authenticity of the sales transaction and executing sales cutoff test.

Valuation of inventory

Please refer to Note 4.8 to the consolidated financial statements for the accounting policy on inventories; Note 5.2.(4) for major accounting estimates and assumptions of inventories; and Note 6.5 for inventory valuation.

Description of key audit matter

The Group inventory amounted to \$1,351,327 thousand (net of \$1,356,465 thousand of total inventory less \$5,138 thousand of allowance for inventory valuation loss) as of December 31, 2020, which accounted for 10.44% of total assets. The inventory valuation is measured at the lower of inventory cost and net realizable value. Given that the valuation of net realizable value of inventory has a significant impact on critical judgements and estimates and since inventory valuation is dependent on the influence of frequently volatile fluctuations of international metal price, we have thus included this item in the key audit matters.

How the matter was addressed in our audit:

Our key audit procedures included obtaining management's assessment data which determines the lower of inventory cost and net realizable value; sampling estimated selling prices to the most recent sales records; and assessing the appropriateness of management's basis for estimating the net realizable value.

Other Matters

We have also audited the standalone financial statements of Yieh Hsing Enterprise Co., Ltd. as of and for the years ended December 31, 2020 and 2019 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 the 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's or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards 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 the 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 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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Jen Yao Hsieh and Shu Man Tsai.

Crowe (TW) CPAs
Kaohsiung, Taiwan
Republic of China
March 24, 2021

Notice to Readers

The accompanying financial statements are intended only to present the 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 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.

YIEH HSING ENTERPRISE CO., LTD.
CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

Assets	Note	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	\$208,795	2	\$458,375	2
Financial assets at fair value through profit or loss - current	6(2)	125,475	1	84,451	-
Accounts receivable, net	6(3)	193,100	1	71,151	-
Other receivables	6(4)	10,363	-	18,732	-
Other receivables - related parties	7	72,695	1	144	-
Current tax assets		8	-	50	-
Inventories	6(5)	1,351,327	10	1,568,026	7
Prepayments	6(6)	162,096	1	523,109	3
Other financial assets - current	8	333,902	3	555,308	2
Total Current Assets		2,457,761	19	3,279,346	14
NONCURRENT ASSETS					
Financial assets at fair value through profit or loss - noncurrent	6(2)	-	-	47,574	-
Financial assets at fair value through other comprehensive income or loss - noncurrent	6(7)	4,494	-	5,481	-
Investments accounted for using equity method	6(8)	5,095,539	40	965,285	4
Property, plant and equipment	6(9)	5,091,130	39	18,946,254	81
Investment properties	6(10)	134,224	1	61,196	-
Intangible assets		-	-	12,976	-
Deferred tax assets	6(27)	144,839	1	147,149	1
Refundable deposits		453	-	21,838	-
Net defined benefit assets - noncurrent	6(16)	10,777	-	-	-
Other financial assets – noncurrent	8	-	-	74,539	-
Total Noncurrent Assets		10,481,456	81	20,282,292	86
TOTAL ASSETS		\$12,939,217	100	\$23,561,638	100

Liabilities and Equity					
CURRENT LIABILITIES					
Short-term loans	6(11)	\$2,226,188	18	\$1,976,537	9
Short-term notes and bills payable	6(12)	219,854	2	218,747	1
Contract liabilities - current	6(13)	64,123	-	30,718	-
Notes payable		58,751	-	84,502	-
Accounts payable		1,462	-	1,513	-
Accounts payable - related parties	7	-	-	21,500	-
Other payables	6(13)	117,590	1	637,153	3
Current tax liabilities		-	-	2,493	-
Provisions - current	6(14)	12,375	-	12,958	-
Advance receipts		72	-	72	-
Current portion of long-term loans	6(15)	229,554	2	57,356	-
Total Current Liabilities		<u>2,929,969</u>	<u>23</u>	<u>3,043,549</u>	<u>13</u>

Liabilities and Equity	Note	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
NONCURRENT LIABILITIES					
Long-term loans	6(15)	\$2,582,483	20	\$14,141,823	60
Deferred tax liabilities	6(27)	2,204	-	-	-
Net defined benefit liability - noncurrent	6(16)	-	-	4,124	-
Deposits received		-	-	3,011	-
Total Noncurrent Liabilities		2,584,687	20	14,148,958	60
TOTAL LIABILITIES		5,514,656	43	17,192,507	73
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share	6(17)				
Common stock		5,306,516	40	5,306,516	22
Capital surplus	6(18)	5,286,080	41	132,599	1
Retained earnings	6(19)				
Accumulated deficits		(3,164,448)	(24)	(2,697,943)	(11)
Other equity	6(20)	(3,587)	-	(1,350)	-
Total equity attributable to owners of the parent		7,424,561	57	2,739,822	12
NON-CONTROLLING INTERESTS	6(21)	-	-	3,629,309	15
Total Equity		7,424,561	57	6,369,131	27
TOTAL LIABILITIES AND EQUITY		\$12,939,217	100	\$23,561,638	100

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

YIEH HSING ENTERPRISE CO., LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Note	Year Ended December 31			
		2020		2019	
		Amount	%	Amount	%
OPERATING REVENUE	6(22)	\$5,589,791	100	\$6,552,804	100
OPERATING COST	6(5)	(5,753,100)	(103)	(6,787,922)	(104)
GROSS PROFIT		(163,309)	(3)	(235,118)	(4)
OPERATING EXPENSES					
Selling and marketing expenses		(81,847)	(1)	(94,595)	(1)
General and administrative expenses		(108,457)	(2)	(147,967)	(3)
Total operating expenses		(190,304)	(3)	(242,562)	(4)
INCOME (LOSS) FROM OPERATIONS		(353,613)	(6)	(477,680)	(8)
NON-OPERATING INCOME AND EXPENSES					
Interest income		242	-	700	-
Other income	6(24)	42,456	1	1,952	-
Other gains and losses	6(25)	7,463	-	(1,863)	-
Finance costs	6(26)	(132,265)	(3)	(133,025)	(2)
Share of loss of associates and joint ventures		(45,428)	(1)	(25,846)	-
Total non-operating income and expenses		(127,532)	(3)	(158,082)	(2)
INCOME (LOSS) BEFORE INCOME TAX		(481,145)	(9)	(635,762)	(10)
INCOME TAX EXPENSE	6(27)	(3,615)	-	(17,207)	-
NET INCOME (LOSS)		(484,760)	(9)	(652,969)	(10)
OTHER COMPREHENSIVE INCOME (LOSS)	6(28)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans		4,494	-	27,611	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive Income		(987)	-	473	-
Share of other comprehensive income (loss) of associates and joint ventures		3,817	-	(1,350)	-
Income tax expense related to items that will not be reclassified subsequently to profit or loss		(899)	-	(5,523)	-
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income (loss) of associates and joint ventures		(5,077)	-	(2,461)	-
Total other comprehensive loss, net of income tax		1,348	-	18,750	-
TOTAL COMPREHENSIVE INCOME (LOSS)		(\$483,412)	(9)	(\$634,219)	(10)
NET INCOME (LOSS) ATTRIBUTABLE TO:					
Shareholders of the parent		(\$470,090)	(9)	(\$642,187)	(10)
Non-controlling interests		(14,670)	-	(10,782)	-
Total		(\$484,760)	(9)	(\$652,969)	(10)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Shareholders of the parent		(\$468,742)	(9)	(\$623,437)	(10)
Non-controlling interests		(14,670)	-	(10,782)	-
Total		(\$483,412)	(9)	(\$634,219)	(10)
EARNINGS PER SHARE					
Basic earnings (loss) per share	6(31)	(\$0.89)		(\$1.21)	

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

YIEH HSING ENTERPRISE CO., LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

Item	Shareholders of The parent									
	Retained Earnings				Other Equity Item					
	Common Stock	Capital Surplus	Legal Reserve	Unappropriated	Exchange	Unrealized Gain (Loss)	Gain (loss) on	Shareholders	Non-controlling	Total
				Earnings (Accumulated Deficits)	Differences on Translating Foreign Operations	on Financial Assets at Fair Value Through Other Comprehensive Income	Hedging instruments	of The Parent		
BALANCE AT JANUARY 1, 2019	\$5,306,516	\$110,252	\$ -	(\$2,077,842)	\$296	\$1,707	\$4	\$3,340,933	\$2,570,941	\$5,911,874
Net income for 2019	-	-	-	(642,187)	-	-	-	(642,187)	(10,782)	(652,969)
Other comprehensive income (loss) for 2019, net of income tax	-	-	-	22,107	(2,461)	(896)	-	18,750	-	18,750
Total comprehensive income (loss) for 2019	-	-	-	(620,080)	(2,461)	(896)	-	(623,437)	(10,782)	(634,219)
Changes in associates and joint ventures using the equity method	-	-	-	(21)	-	-	-	(21)	-	(21)
Changes in ownership interests in subsidiaries	-	22,347	-	-	-	-	-	22,347	(22,347)	-
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	1,091,497	1,091,497
BALANCE AT DECEMBER 31, 2019	5,306,516	132,599	-	(2,697,943)	(2,165)	811	4	2,739,822	3,629,309	6,369,131
Net loss for 2020	-	-	-	(470,090)	-	-	-	(470,090)	(14,670)	(484,760)
Other comprehensive income (loss) for 2020, net of income tax	-	-	-	3,585	(5,077)	2,840	-	1,348	-	1,348
Total comprehensive income (loss) for 2020	-	-	-	(466,505)	(5,077)	2,840	-	(468,742)	(14,670)	(483,412)
Changes in associates and joint ventures using the equity method	-	15,621	-	-	-	-	-	15,621	-	15,621
Issuance of common stock for cash	-	-	-	-	-	-	-	-	947,903	947,903
Disposal of investments/subsidiaries for using the equity method	-	5,129,745	-	-	-	-	-	5,129,745	-	5,129,745
Changes in ownership interests in subsidiaries	-	8,115	-	-	-	-	-	8,115	(8,115)	-
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	(4,554,427)	(4,554,427)
BALANCE AT DECEMBER 31, 2020	\$5,306,516	\$5,286,080	\$ -	(\$3,164,448)	(\$7,242)	\$3,651	\$4	\$7,424,561	\$ -	\$7,424,561

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

YIEH HSING ENTERPRISE CO., LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

Item	Year Ended December 31	
	2020	2019
1.CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	(\$481,145)	(\$635,762)
Adjustments to reconcile profit and loss:		
Depreciation	304,863	330,528
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(1,810)	1,268
Interest expense	132,265	133,025
Interest income	(242)	(700)
Dividend income	(375)	(645)
Share of loss of associates and joint ventures	45,428	25,846
Loss on disposal and retirement of property, plant and equipment	198	614
Gain on disposal of investments	(1,629)	(1,075)
Total adjustments to reconcile profit and loss	478,698	488,861
Changes in operating assets and liabilities		
Net changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss	13,031	(3,267)
Decrease (increase) in notes receivable	-	6
Decrease (increase) in accounts receivables	(121,949)	173,482
Decrease (increase) in other receivables	(97,356)	22,107
Decrease (increase) in inventories	216,468	226,335
Decrease (increase) in prepayments	(251,034)	(184,394)
Decrease (increase) in other operating assets	(10,407)	-
Total net changes in operating assets	(251,247)	234,269
Net changes in operating liabilities:		
Increase (decrease) in contract liabilities	34,496	1,467
Increase (decrease) in notes payable	(25,751)	(20,566)
Increase (decrease) in accounts payable	(21,551)	(85,812)
Increase (decrease) in other payables	66,453	(25,280)
Increase (decrease) in provisions	416	(8,417)
Increase (decrease) in advance receipts	-	3
Increase (decrease) in net defined benefit liability	-	(43,697)

Item	Year Ended December 31	
	2020	2019
Total net changes in operating liabilities	\$54,063	(\$182,302)
Total net changes in operating assets and liabilities	(197,184)	51,967
Total adjustments	281,514	540,828
Cash generated from (used in) operations	(199,631)	(94,934)
Interest received	242	700
Dividends received	375	645
Interest paid	(133,201)	(130,414)
Income tax paid	16	(4)
Net cash generated from (used in) operating activities	(332,199)	(224,007)
2.CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through profit or loss	-	95,070
Acquisition of investments accounted for using equity method	(27,520)	(47,535)
Proceeds from disposal of subsidiaries	(192,781)	-
Proceeds from capital reduction of investments accounted for using equity method	140	679
Acquisition of property, plant and equipment	(2,299,439)	(3,330,660)
Proceeds from disposal of property, plant and equipment	-	20
Increase in refundable deposits	-	(21,385)
Decrease in refundable deposits	15,376	-
Acquisition of intangible assets	(5,614)	(4,768)
Decrease (increase) in other financial assets	(237,497)	(102,105)
Net cash generated from (used in) investing activities	(2,747,335)	(3,410,684)
3.CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	249,651	-
Decrease in short-term loans	-	(612,971)
Increase in long-term loans	1,689,000	5,474,000
Repayment of long-term loans	(57,500)	(2,178,000)
Increase (decrease) in guarantee deposits received	900	2,811
Increase (decrease) in non-controlling interests	947,903	1,091,497
Net cash used in financing activities	2,829,954	3,777,337
4.NET INCREASE (DECREASE) IN CASH AND CASH	(249,580)	142,646
5.CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	458,375	315,729
6.CASH AND CASH EQUIVALENTS, END OF YEAR	\$208,795	\$458,375

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

YIEH HSING ENTERPRISE CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Amounts In Thousands of New Taiwan Dollars, Unless specified Otherwise)

1 GENERAL INFORMATION

Yieh Hsing Enterprise Co., Ltd. (the Company) was established in July 1978, and consolidated Yieh Yih Enterprise Co., Ltd. to form a single company. The company engages mainly in the manufacturing and trading of steel pipes, steel coil processed products, wire rods, the design, manufacture, and installation of the machinery, equipment, and environmental equipment systems, and the rental and sales business of the construction builder for residences and commercial. The company was listed in Taiwan Stock Exchange (hereafter referred to as TWSE) in October 1988. For main operation activities of the Company and its subsidiaries (hereinafter referred to as “the Group”), please refer to Note 4.3(2).

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

2 THE AUTHORIZATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 24, 2021.

3 APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

3.1 Effect of adoption of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of SIC (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC):

New standards, interpretations and amendments endorsed by the FSC effective from Year 2020 are as below:

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IFRS 16 “New Coronavirus Pneumonia Related Rent Concessions”	June 1, 2020 (Note)

(Note) The FSC allows companies to apply the amendment in advance on January 1, 2020.

The Group has assessed the aforementioned standards and interpretations, and there’s

no significant effect to the Group's financial position and financial performance.

3.2 Effect of new, revised or amendments IFRSs as endorsed by the FSC but not yet adopted by the Group:

New standards, interpretations and amendments endorsed by the FSC effective from Year 2021 are as below:

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	June 25, 2020 (Effective from issue date)
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021 (Note)

(Note) The amendments are applicable for the annual reporting period beginning on or after January 1, 2021.

The Group has evaluated the aforementioned standards and interpretations, and there's no significant effect to the Group's financial position and financial performance.

3.3 The IFRSs issued by IASB but not yet endorsed and issued into effect by FSC:

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note)
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 IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment- Proceeds before Intended Use"	January 1, 2022 (Note 2)
Amendments to IAS 37 "Onerous Contract - Cost of Fulfilling a Contract"	January 1, 2022 (Note 3)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 4)
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022 (Note 5)
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023

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: Companies should apply these amendments retrospectively. However, 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 3: This amendment applies to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 4: This amendment applies to business combinations whose acquisition date starts in the annual reporting period after January 1, 2022.

Note 5: The amendments to IFRS 9 are applicable to swap or modification of terms of financial liabilities incurred during the annual reporting period beginning on January 1, 2022. The amendment to IAS 41 is applicable to fair value measurement during the annual reporting period beginning after January 1, 2022. The amendments to IFRS 1 are retrospectively applied to the annual reporting period beginning after January 1, 2022.

A. Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”

The amendments clarify that when the Group judges whether liability is classified as noncurrent, the Group should assess whether the Group has the right to defer liquidation period after the reporting period at least twelve months. If the Group has the entity’s right on the end of the reporting period, liability must be classified as non-current whatever the Group expects whether executing the right or not. If the Group must follow certain condition to obtain the right to defer settlement of liability, the Group must have completed certain condition on the end of reporting period even if lender tests the Group whether following certain condition later. The aforementioned liquidation means that transferring cash, other economic resources or the Group’s equity instruments to counterparty to let liability wipe out. If liability clause will follow counterparty’s choice to liquidate liability by the Group’s equity instruments, this option must follow the regulations of IAS 32 “Financial Instruments: Presentation” to be recognized in equity individually and doesn’t have effect on the classification of liability.

B. Amendment to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendment stipulates that the sales price of the project produced in order to make property, plant and equipment reach the necessary location and state that can meet the expected operation mode of the management is not suitable as a cost reduction of the asset. The aforementioned items should be measured in accordance with IAS 2 “Inventory”, and the sales price and cost should be recognized in profit and loss in accordance with the applicable standards.

This amendment is applicable to factories, property and equipment that reach the necessary locations and conditions for the management's expected operation mode after January 1, 2021 (the beginning of the earliest expression period). When the Group initially applies the amendments, it will recognize the cumulative effect of the amendments applied initially as an adjustment to the opening balance of the retained earnings (or other components of equity, as appropriate) at the beginning of the earliest expression period, and re-edit the information during the comparison period.

C. Amendment to IAS 37 “Onerous Contract - Cost of Fulfilling a Contract”

The amendment stipulates that when assessing whether the contract is onerous, “Cost of Fulfilling a Contract” should include the incremental cost of fulfilling a contract (for example, direct labor and raw materials) and the allocation of other costs directly related to fulfilling a contract (for example, the depreciation expenses of property, plant and equipment items used in fulfilling a contract are allocated).

The Group will recognize the cumulative effect on the retained earnings on the first application date when the amendment is first applied.

D. Amendment to IFRS 3 “Reference to the Conceptual Framework”

The amendment is to update the index of the conceptual framework and add the requirement that the acquirer shall apply IFRIC 21 “Levies” to determine whether there is an obligation to pay levies on the acquisition date.

E. Annual Improvements to IFRS Standards 2018-2020

The annual improvement in the IFRS 2018-2020 includes amendments to certain standards. Among them, the amendment of IFRS 9 “Expenses included in the “10%” test for the purpose of derecognize financial liabilities” is to assess whether there is a significant difference between the swap of financial liabilities or the modification of terms, When comparing cash flow projections of the new and old contract terms (including the net amount of fees charged for signing a new contract or modifying the contract), whether there is a 10% difference, the aforesaid fees collected should only include the payment between the borrower and the lender paid for.

F. Amendments to IAS 1 “Disclosure of Accounting Policies”

This amendment is to improve the disclosure of accounting policies and provide more useful information for major users of financial statements.

G. Amendments to IAS 8 “Definition of Accounting Estimates”

This amendment defines accounting estimates as the monetary amount of financial statements subject to measurement uncertainty, and provides further explanations and examples to help companies distinguish between changes in accounting policies and changes in accounting estimates.

As of the date the Group consolidated financial statements were issued, the Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Group completes the evaluation.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

4.1 Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the IFRSs, IASs interpretations as well as related guidance endorsed by the FSC with the effective dates.

4.2 Basis of Preparation

- (1) Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - A. Financial assets and financial liabilities at fair value through profit or loss (including derivative instruments).
 - B. Financial assets and liabilities measured at fair value through other

comprehensive income.

C. Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

- (2) The preparation of the financial statements in conformity with the IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

4.3 Basis of Consolidation

- (1) The basis for the consolidated financial statements :

- A. All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- B. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- C. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to

profit or loss when the related assets or liabilities are disposed of.

(2) The subsidiaries in the consolidated financial statements :

Investee / Subsidiary	Main Businesses	Percentage of Ownership	
		December 31, 2020	December 31, 2019
1.Yieh Hsing Enterprise Co., Ltd. (the Company)			
Kings Garden International Co., Ltd.	Leasing, sales, and development of residential and commercial buildings, department stores	-	50.71%
Great Emperor Hotel Co., Ltd.	Hotel industry	-	58.81%
2.Kings Garden International Co., Ltd.			
Yi Hua International Co., Ltd.	Leasing, selling and development of residential and commercial buildings	-	70%
Hua Li International Co., Ltd.	Daily necessities, cosmetics wholesaler	-	100%

A. The financial statements of the subsidiaries that included in the consolidated financial report have been audited by accountants.

B. Changes in subsidiaries:

After the Group lost the control to Kings Garden International Co., Ltd. in the first quarter of 2020, the company and its subsidiaries were not attribute to the subsidiaries of the Group. Please refer to Note 6.30 for detail.

After the Group lost the control to Great Emperor Hotel Co., Ltd. in the fourth quarter of 2020, the company and its subsidiaries were not attribute to the subsidiaries of the Group. Please refer to Note 6.30 for detail.

The Group established Hua Li International Co., Ltd. in October 2019, invested by Kings Garden International Co., Ltd., and the shareholding ratio was 100%.

(3) Subsidiaries not consolidated in the consolidated financial statements: None.

(4) Adjustments for subsidiaries with different accounting periods: Not applicable.

(5) Major restrictions: None.

(6) Securities issued by the parent Group and held by subsidiaries: None.

(7) Information about subsidiaries with significant non-controlling interest:

Name of Subsidiary	Shareholding %	December 31, 2020	
		Non-controlling interests	Assigned to Non-controlling interests profit or loss
Kings Garden International Co., Ltd.	Note	\$ -	(\$12,016)
Great Emperor Hotel Co., Ltd.	Note	-	(2,611)
Others	Note	-	(43)
Total		\$ -	(\$14,670)

Name of Subsidiary	Shareholding %	December 31, 2019	
		Non-controlling interests	Assigned to Non-controlling interests profit or loss
Kings Garden International Co., Ltd.	49.29%	\$2,036,552	(\$7,684)
Great Emperor Hotel Co., Ltd.	41.19%	1,587,508	(7,213)
Others		5,249	4,115
Total		\$3,629,309	(\$10,782)

(Note) Please refer to Note 6.30 for losing control in the first and fourth quarter of 2020.

A. Please refer to Table 4 in Note 13 for the main operation location and countries of registration of the subsidiaries listed above.

B. Summary of the financial information are as follows:

a. Balance Sheets :

	Kings Garden International Co., Ltd.
	December 31, 2019
Current assets	\$488,641
Non-current assets	9,651,436
Current liabilities	120,768
Non-current liabilities	5,887,891
Equity	\$4,131,418

	Great Emperor Hotel Co., Ltd.
	December 31, 2019
Current assets	\$365,637
Non-current assets	9,153,591
Current liabilities	409,417
Non-current liabilities	5,446,487
Equity(Note)	\$3,663,324

(Note) Including subscribed the un-registered capital increased by cash was \$133,597 thousand.

b. Statements of Comprehensive Income :

	Kings Garden International Co., Ltd.
	2019
Operating revenue	\$ -
Net income	(\$17,560)
Other comprehensive income (net after tax)	-
Total comprehensive income (loss)	(\$17,560)
Total comprehensive income (loss) attributable to non-controlling interests	(\$7,684)
Dividends paid to non-controlling interest	\$ -

	Great Emperor Hotel Co., Ltd.
	2019
Operating revenue	\$ -
Net income	(\$18,300)
Other comprehensive income (net after tax)	-
Total comprehensive income (loss)	(\$18,300)
Total comprehensive income (loss) attributable to non-controlling interests	(\$7,213)
Dividends paid to non-controlling interest	\$ -

c. Statements of Cash Flows :

	Kings Garden International Co., Ltd.
	2019
Net cash provided by (used in) operating activities	(\$95,297)
Net cash provided by (used in) investing activities	(1,842,084)
Net cash provided by (used in) financing activities	1,951,977
Net increase (decrease) in cash and cash equivalents	\$14,596
Cash and cash equivalents, beginning of the period	40,808
Cash and cash equivalents, end of the period	\$55,404

	Great Emperor Hotel Co., Ltd.
	2019
Net cash provided by (used in) operating activities	(\$102,265)
Net cash provided by (used in) investing activities	(1,645,491)
Net cash provided by (used in) financing activities	1,745,224
Net increase (decrease) in cash and cash equivalents	(\$2,532)
Cash and cash equivalents, beginning of the period	86,472
Cash and cash equivalents, end of the period	\$83,940

4.4 Foreign Currencies

- (1) Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.
- (2) In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (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. Such exchange differences are recognized in profit or loss in the year 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 on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on 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 in terms of historical cost in foreign currencies are not retranslated.

- (3) For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan Dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to noncontrolling interests as appropriate).

4.5 Classification of Current and Noncurrent Assets and Liabilities

- (1) Assets that meet one of the following criteria are classified as current assets :
- A. Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - B. Assets held primarily for trading purposes;
 - C. Assets that are expected to be realized within 12 months after the balance sheet date;
 - D. Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.

Otherwise they are classified as non-current assets.

- (2) Liabilities that meet one of the following criteria are classified as current liabilities :
- A. Liabilities that are expected to be settled within the normal operating cycle;
 - B. Assets held primarily for trading purposes;
 - C. Liabilities that are expected to be settled within 12 months after the balance sheet date (Even if a long-term refinancing or re-arrangement of payment agreements is completed after the balance sheet date and before the issuance of the financial report is approved, it is classified as current liabilities);
 - D. Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after balance sheet date. 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.

Otherwise they are classified as non-current liabilities.

4.6 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including the original maturity of the time deposits within three months).

4.7 Financial instruments

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

Financial assets and financial liabilities are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

(1) Financial assets

A. Category of financial assets and measurement

The Group adopts trade-date accounting to recognize and derecognize financial assets.

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

a. Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified or it is designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss (excluding relevant dividend or interest income). Fair value is determined in the manner described in Note 12(3).

b. Financial assets at amortized cost

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

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

Financial assets at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss. Except for the following two cases, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

- (a) Purchased or originated credit-impaired financial assets: for those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets: for those financial assets, the Group shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

c. 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 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, they will be transferred to retained earnings. Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Group's right to receive the dividends is established, unless the Group's right clearly represent a recovery of part of the cost of the investment.

B. Impairment of financial assets

- a. At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivable and contract assets.
- b. The Group always recognizes lifetime Expected Credit Loss (i.e. ECL) for accounts receivables. For other financial assets, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equaling to 12-month ECL.
- c. Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.
- d. The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account. However, the allowance for investment in debt instruments measured at FVOCI is recognized in other comprehensive gains and losses, and the carrying amount is not reduced.

C. Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- a. The contractual rights to receive cash flows from the financial asset expire.
- b. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- c. The Group neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

On derecognition of financial asset at amortized cost in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received is recognized in profit or loss. On derecognition of investments in debt instruments measured at FVTOCI, the difference between the financial asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss. On derecognition of equity instruments at fair value through other comprehensive income in its entirety, the cumulative profit and loss will be transferred directly to retained earnings without being reclassified into profit and loss.

(2) Equity instruments

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

(3) Financial liabilities

A. Subsequent measurement

Financial liabilities other than those held for trading purposes and undesignated as at fair value through profit or loss are subsequently measured at amortized cost at the end of each reporting period.

B. Derecognition of financial liabilities

When the Group derecognizes financial liabilities, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4.8 Inventories

Inventories, under a perpetual system, are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

4.9 Investments accounted for using equity method / associates

- (1) Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly, 20% or more of the voting power of the investee. Investments in associates are initially recognized at cost and are accounted for using the equity method.

- (2) The Group's share of its associate's profit or loss after the date of acquisition is recognized in the Group's profit or loss, and its share of changes in the associate's other comprehensive income is recognized in the Group's other comprehensive income. When the Group's share of losses of its associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group discontinues recognizing its share of further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- (3) Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (4) In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- (5) When the Group disposes of its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

4.10 Property, Plant and Equipment

- (1) Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- (2) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance is recognized in profit or loss as incurred.

- (3) Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of reporting year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings	
Main plants	41 to 56 years
Other accessory equipment	5 to 10 years
Machinery and Transportation equipment	2 to 36 years
Other equipment	3 to 41 years
Equipment spare parts	depreciated by actual wear

- (4) An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.11 Leases

The Group assesses whether the contract is (or includes) a lease at the date of the contract. For a contract that includes a lease component and one or more additional lease or non-lease components, the Group will allocate the consideration to the lease component base on the individual price of each lease component and the aggregated individual price of the non-lease component.

(1) The Group as lessee

Except for payments for low-value asset and short-term leases which will be recognized as expenses on a straight-line basis, the Group will recognize right-of-use assets and lease liabilities for all leases at the inception of lease.

Right-of-use asset

The right-of-use asset is initially measured at cost (including the initial measurement amount of the lease liability, the payments less incentives, initial direct costs and the estimated recover cost), the subsequent measurement is based on the cost less accumulated depreciation and accumulated impairment loss, and adjusting the amount of re-measures of lease liabilities.

The right-of-use asset recognized depreciation is using the straight-line basis from the date of the lease until the expiration of the useful life or the expiration of the lease term, the depreciation is provided that the title of the underlying asset will be acquired at the end of the lease period or, if the cost of the right-of-use asset reflects the execution of the purchase option.

Lease liability

The lease liability is initially measured by the present value of the lease payment (including fixed payment, substantive fixed payment, change in lease payment depending on the index or rate, etc.). If the implied interest rate on the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, the lessee's increase borrowing rate is used.

If the lease period, the evaluation of the purchase choice, the amount of expected to be paid under the residual value guarantee or the change in the index or rate used to determine the lease payment result in a change in the future lease payment, the Group will measure the lease liability and adjust the right to use assets relatively. If the carrying amount has been reduced to zero, the remaining amount will recognize in the profit and loss. Lease liabilities are presented in a single-line project on the Consolidated balance sheet.

Lease payments in lease agreements that do not depend on the index or rate are recognized as expenses in the period in which they occur.

(2) 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.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of 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.

4.12 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes) and include land held for a currently undetermined future use is regarded as holding for capital appreciation.

Investment properties are initially measured at cost, including transaction costs, and subsequently measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Investment properties under construction are stated at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the assets are ready for their intended use.

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

4.13 Intangible assets

Separately acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Trademark rights are amortized based on economic benefits or contract years. The estimated durability and amortization method are reviewed at the end of the reporting period, and the effect from any change in estimates is postponed.

4.14 Impairment of non-financial assets

The Group assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When the indication of impairment loss recognized in prior years for an asset other than goodwill no longer exists, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss.

4.15 Provisions

Provisions (including short-term employee benefits, and onerous contracts) are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date. The discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as interest expense. Provisions are not recognized for future operating losses.

4.16 Employee benefits

Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

Pensions

(1) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund from the plan or a reduction in future contributions to the plan.

(2) Defined benefit plans

- a. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, the net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate is determined by using the interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the defined benefit plans.
- b. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- c. Past-service costs are recognized immediately in profit or loss.

Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the amount accrued and the amount actually distributed is accounted for a change in accounting estimate.

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Group recognizes expense when it can no longer withdraw an offer of termination benefits or when it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date are discounted to their present value.

4.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are recognized in equity as a deduction from the proceeds.

4.18 Income tax

- (1) The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

- (2) The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- (3) Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- (4) Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- (5) Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- (6) A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

4.19 Revenue Recognition

The Group recognizes revenue from contracts with customers in accordance with the principles and steps as stated below:

- (1) Identify the contract with the customer;
- (2) Identify the performance obligations in the contract;
- (3) Determine the transaction price;
- (4) Allocate the transaction price to the performance obligations in contracts; and
- (5) Recognize revenue upon satisfaction of performance obligations.

The Group does not adjust the transaction price in a contract for the effects of a significant financing component, if the period between when the customer pays for the goods or services and when the entity transfers the goods or services is one year or less.

(1) Sale of goods

Sales revenue from goods mainly comes from the sales of galvanized steel coils and painted steel coils. Sales revenue is recognized when the control of goods is passed to customers. Since customers have obtained the right to set the price and make use of the goods and assumed the responsibility for resale and risks of obsolescence, the Group recognizes revenue and accounts receivable at such time point, presented as the net amount after deducting sales returns, discounts and allowance.

When supplying materials for processing, control of the processed goods is not transferred, in which case it is not recognized as revenue.

(2) Revenue from leases, dividends and interests

- A. The rental revenue shall be recognized as revenue in the duration of the lease based on straight-line method.
- B. Dividend revenue from investments is recognized when the rights of shareholders to receive payment are established, provided that the economic profits arising from such transaction are highly probable to flow to the Group and the amount of such benefits can be reliably measured.
- C. Interest revenue is recognized based on outstanding principal and applicable effective interest according to passage of time on an accrual basis.

4.20 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

To the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

Except for those qualifying capitalization, all other borrowing costs are recognized as an expense in profit or loss as incurred.

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND MAJOR SOURCES OF ASSUMPTION UNCERTAINTY

In the preparation of the consolidated financial statements, the critical accounting judgments the Group has made and the major sources of estimation and assumption uncertainty are described as follows:

5.1 Critical judgements in applying accounting policies

(1) Revenue recognition

The Group follows IFRS 15 to determine if it controls the specified good or service before that good or service is transferred to the customer, and the Group is acting as a principal or an agent in that transaction. When the Group acts as an agent, revenue is recognized on a net basis.

The Group acts as a principal as that it meets one of the following situations:

- A. The Group gains control over the goods from the other party before transferring goods to customers.
- B. The Group controls the right of providing service by the other party in order to control the ability of the party to provide service to customers.
- C. The Group gain control over goods or service from the other party in order to combine with other goods or services to provide specific goods or services to customers.

The indicators (not limited to) which assist making judgment on whether the Group controls the goods or services before transferring goods or services to customers:

- A. The Group has primary responsibilities for the goods or services it provides;
- B. The Group bears inventory risk before transferring the specific goods or services to customer, or after transferring the control to customer (for example, if the customer has the right to return).
- C. The Group has the discretion to set prices.

5.2 Critical accounting estimates and assumptions

(1) Impairment assessment of tangible and intangible assets

In the course of impairment assessments, the Group determines, based on how assets are utilized and relevant industrial characteristics, the useful lives of assets and the future cash flows of a specific Group of the assets. Changes in economic circumstances or the Group's strategy might result in material impairment of assets in the future.

(2) Impairment assessment of investments accounted for using the equity method

The Group assesses the impairment of an investment accounted for using the equity method once there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Group assesses the recoverable amounts of an investment accounted for using the equity method based on the present value of the Group's share of expected future cash flows of the investee or the present value of expected cash dividends receivable from the investee and expected future cash flows from disposal of the investment, analyzing the reasonableness of related assumptions.

(3) Realizability of deferred tax assets

Deferred assets are recognized only to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized. The Group's management assesses the realizability of deferred tax assets by making critical accounting judgements and significant estimates of expected future revenue growth rate and gross profit rate, the tax exemption period, available tax credits, and tax planning, etc. Changes in global economic environment, industrial environment, and laws and regulations might result in material adjustments to deferred tax assets.

(4) Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value; thus, the Group estimates the net realizable value of inventory for obsolescence and unmarketable items on balance sheet date due to the rapid technology changes and writes down inventories to the net realisable value.

(5) Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Group uses judgments and actuarial assumptions to determine related estimates, including discount rates and future salary increase rate. Changes in these assumptions may have a significantly impact on the carrying amount of defined pension obligations.

(6) Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

(7) Process of fair value measurement and evaluation

When the assets and liabilities at fair value with no active market, the Group determines whether to use outside appraisal and using proper evaluation techniques based on related regulation or its own judgment.

If the Level 1 input value is not available while evaluating, the Group refers to the analysis of the investee's financial position and operating outcome, recent trading price, quotes on non-active market of same equity instrument, quotes on active market of similar equity instrument and evaluation multiples of comparable companies. If the future input value is different from expectation, the fair value might change. The Group updates input values quarterly according to the market status in order to monitor if the measurement of fair value is appropriate.

6. DETAILS OF SIGNIFICANT ACCOUNTS

6.1 Cash and cash equivalents

Item	December 31	
	2020	2019
Cash on hand	\$230	\$290
Checking account	190,472	348,692
Demand deposits	18,093	109,393
Total	<u>\$208,795</u>	<u>\$458,375</u>

- 1.The financial institutions dealing with the Group are credit worthy, and the Group does transactions with a number of financial institutions to diversify credit risk that are unlikely to be expected to default.
- 2.The Group had no cash and cash equivalents pledged to others.

6.2 Financial assets at fair value through profit or loss

Item	December 31	
	2020	2019
Financial assets - current:		
Non-derivative financial assets mandatorily measured at FVTPL		
Mutual funds	\$12,645	\$20,308
Domestic unlisted preferred stock	112,830	64,143
Total	<u>\$125,475</u>	<u>\$84,451</u>
Financial assets - noncurrent:		
Non-derivative financial assets mandatorily measured at FVTPL		
Domestic unlisted preferred stock	<u>\$ -</u>	<u>\$47,574</u>

- 1.The Group recognized in profit or loss is \$3,439 thousand and (\$193) thousand for the year ended December 31, 2020 and 2019.
- 2.The Group had no financial assets at fair value through profit or loss pledged to others.
- 3.Please refer to Note 12(2) for credit risk management and evaluation method.

6.3 Accounts receivable, net

Item	December 31	
	2020	2019
At amortized cost		
Accounts receivable	\$193,100	\$71,151
Less: Loss allowance	-	-
Net	<u>\$193,100</u>	<u>\$71,151</u>

- A. Accounts receivables are created by the Group by selling goods, and the average collection period is 7~26 days. The Group's accounts receivables all meet the credit standards stipulated based on the counterparties' industrial characteristics, operation scale and profitability.
- B. The Group provided accounts receivable as collateral for the borrowings. Please refer to Note 8 for the information.
- C. The Group had sold part of accounts receivables to the banks without recourse. Due to transferring the risks and rewards when the Group sold the accounts receivable, it was delisted from the balance sheet. Please refer to Note 12.4 for the information.
- D. Please refer to Note 7.3.3 for related party transactions.
- E. The Group applies the simplified approach to provisions for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected credit losses provision for trade receivables. The expected credit losses on trade receivables are estimated by reference to past account aging records of the debtor, an analysis of the debtor's current financial position, industrial trend. which receivables are past due. As the Group's historical credit losses experience does not show significantly different loss patterns for different customer segments, the provision for losses based on past due status of receivables is not further distinguished between 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 of the receivable. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

The Group measures the allowance for notes receivable, and accounts receivable to the preparation matrix (including related parties):

December 31, 2020	Expected credit loss rate	Gross carrying amount	Allowance for doubtful accounts (ECL)	Amortized cost
Not past due	0%	\$193,100	\$ -	\$193,100
December 31, 2019	Expected credit loss rate	Gross carrying amount	Allowance for doubtful accounts (ECL)	Amortized cost
Not past due	0%	\$71,151	\$ -	\$71,151

As of December 31, 2020 and 2019, the above provision has already taken into consideration collateral or other credit enhancement. The other credit enhancement (e.g., L/C) possessed by above receivables were \$189,454 thousand, and \$60,450 thousand, respectively.

Please refer to Note 12(2) for the relevant credit risk management and assessment.

6.4 Other receivables

	Year Ended December 31	
	2020	2019
Business tax refundable	\$9,599	\$11,059
Fund redemption receivable	-	3,042
Others	764	4,631
Total	\$10,363	\$18,732
Less: Loss allowance	-	-
Net	\$10,363	\$18,732

6.5 Inventories and operating cost

Item	December 31	
	2020	2019
Raw materials	\$694,559	\$746,814
Supplies	146,852	149,242
Work in progress	28,434	39,462
Finished goods	483,762	686,587
By-products and scraps	2,858	2,498
Subtotal	\$1,356,465	\$1,624,603
Less: Valuation allowance	(5,138)	(56,577)
Net	\$1,351,327	\$1,568,026

1. Inventory gains (losses) recognized as cost of sales are as follows:

Item	Year Ended December 31	
	2020	2019
Cost of inventories sold	\$5,561,380	\$6,367,944
Processing cost	158,262	336,470
Unallocated manufacturing overhead	84,897	50,207
Loss on inventory valuation (recovery gain)	(51,439)	40,592
Loss on irrevocable contracts (recovery gain)	-	(7,291)
Total operating cost	\$5,753,100	\$6,787,922

2. The Group recognized the inventory valuation loss (gain) of (\$51,439) thousand and \$40,592 thousand for the years ended December 31, 2020 and 2019.

3. Please refer to 6.14 for loss recognition on irrevocable purchase contracts.

4. The Group had no inventory pledged as collateral.

6.6 Prepayments

Item	Year Ended December 31	
	2020	2019
Offset Against Business Tax Payable	\$ -	\$487,768
Prepaid advance	139,872	17,013
Prepaid insurance	13,006	12,866
Input Tax	1,200	1,380
Other prepayments	8,018	4,082
Total	\$162,096	\$523,109

6.7 Financial assets at fair value through other comprehensive income or loss

Item	December 31	
	2020	2019
Equity instruments		
Domestic unlisted stocks	\$1,650	\$1,650
Subtotal	\$1,650	\$1,650
Valuation adjustment	2,844	3,831
Total	\$4,494	\$5,481

- 1.The Group invests in domestic unlisted stocks in accordance with its medium/long-term strategies and expects to make a profit through long-term investment. Management of the Group believes that it is not consistent with the aforementioned long-term investment planning if the short-term fair value changes of such investment are presented in profit or loss. Therefore, the Group elects to designate such investment as to be measured at FVTOCI.
- 2.For related credit risk management and means of assessing, please refer to Note 12(2).

6.8 Investments accounted for using equity method

Investee	December 31	
	2020	2019
Associates with significance:		
Great Emperor Hotel Co., Ltd.	\$2,076,113	\$ -
Kings garden International Co., Ltd.	2,077,673	-
Eliter International Corp.	598,851	602,412
E-Da Development Corp.	234,844	251,625
Associates without significance	108,058	111,248
Total	\$5,095,539	\$965,285

1. Associates:

- (1) The Group held directly or indirectly over 20% ownership of Eliter International Corp., E-Da Development Corp. and other Associates through the Company's Parent. Therefore, the investees are accounted for under the equity method.
- (2) The Group lost the control to Kings garden International Co., Ltd. and Great Emperor Hotel Co., Ltd. in the first and fourth quarter of 2020, and transferred to the investment using the equity method. Please refer to Note 6.30 for detail.
- (3) Major associates of the Group are as follows:

Company Name	Shareholding Percentage	
	December 31, 2020	December 31, 2019
Great Emperor Hotel Co., Ltd.	45.44%	-
Kings garden International Co., Ltd.	49.87%	-
Eliter International Corp.	7.42%	7.42%
E-Da Development Corp.	5.94%	5.94%

Please refer to Table 4 in Note 13 for the nature of business, main operation location and countries of registration of the associates listed above.

- (4) The summarized financial information in respect of the Group's major associates is as follows:
 - A. Balance Sheets

	Great Emperor Hotel Co., Ltd.
	December 31, 2020
Current assets	\$509,747
Noncurrent assets	11,782,790
Current liabilities	347,758
Noncurrent liabilities	7,376,242
Equity	\$4,568,537
Share in associates' net assets	\$2,076,113
Unrealized gain (loss) from transactions with associates	-
Carrying amount of associate	\$2,076,113

	Kings garden International Co., Ltd December 31, 2020
Current assets	\$359,211
Noncurrent assets	10,957,053
Current liabilities	133,296
Noncurrent liabilities	6,807,773
Equity	\$4,375,195
Share in associates' net assets	\$2,077,673
Unrealized gain (loss) from transactions with associates	-
Carrying amount of associate	\$2,077,673

(Note) Including the parent company subscribed the un-registered capital increased by cash was \$209,066 thousand.

	Eliter International Corp.	
	December 31, 2020	December 31, 2019
Current assets	\$7,219,188	\$6,971,622
Noncurrent assets	4,963,316	5,195,803
Current liabilities	2,693,464	1,603,830
Noncurrent liabilities	1,273,422	2,299,960
Equity	\$8,215,618	\$8,263,635
Share in associates' net assets	\$609,366	\$612,927
Unrealized gain (loss) from transactions with associates	(10,515)	(10,515)
Carrying amount of associate	\$598,851	\$602,412

	E-Da Development Corp.	
	December 31, 2020	December 31, 2019
Current assets	\$605,393	\$867,776
Noncurrent assets	7,974,851	8,123,713
Current liabilities	886,455	1,021,390
Noncurrent liabilities	3,741,418	3,735,304
Equity	\$3,952,371	\$4,234,795
Share in associates' net assets	\$234,844	\$251,625
Unrealized loss from transactions with associates	-	-
Carrying amount of associate	\$234,844	\$251,625

B.Statements of Comprehensive Income

	Great Emperor Hotel Co., Ltd.	
	2020	
Operating revenue	\$5,602	
Net income (loss)	(\$42,689)	
Other comprehensive income (loss) (net after tax)	-	
Total comprehensive income (loss)	(\$42,689)	
Dividends received from associate	\$ -	
	Kings garden International Co., Ltd	
	2020	
Operating revenue	\$ -	
Net income (loss)	(\$37,389)	
Other comprehensive income (loss) (net after tax)	-	
Total comprehensive income (loss)	(\$37,389)	
Dividends received from associate	\$ -	
	Eliter International Corp.	
	2020	2019
Operating revenue	\$267,888	\$229,538
Net income (loss)	(\$66,028)	(\$144,372)
Other comprehensive income (loss) (net after tax)	18,011	(5,902)
Total comprehensive income (loss)	(\$48,017)	(\$150,274)
Dividends received from associate	\$ -	\$ -
	E-Da Development Corp.	
	2020	2019
Operating revenue	\$704,305	\$795,002
Net loss	(\$322,389)	(\$294,609)
Other comprehensive income (loss) (net after tax)	39,953	(14,958)
Total comprehensive loss	(\$282,436)	(\$309,567)
Dividends received from associate	\$ -	\$ -

C. Shares of individually insignificant associates of the Group are summarized as follows:

	Year Ended December 31	
	2020	2019
Share of		
Net income	\$1,940	\$2,367
Other comprehensive income (loss) (net after tax)	(4,970)	(2,503)
Total comprehensive income (loss)	<u>(\$3,030)</u>	<u>(\$136)</u>

D. Associates of the Company with quoted prices in emerging market are as follow:

	December 31	
	2020	2019
Yieh United Steel Corp.	<u>\$20,848</u>	<u>\$14,670</u>

E. The calculation of the amount of investment accounted for using equity method and share of income or loss and other comprehensive income (loss) were based on the audited financial report.

(5) As of December 31, 2020 and 2019, no investments under equity method were pledged as collateral by the Group.

6.9 Property, Plant and Equipment

Item	December 31	
	2020	2019
Land	\$1,075,876	\$3,814,282
Buildings and structures	1,783,263	1,783,263
Machinery	8,634,340	8,634,296
Other equipment	430,661	457,616
Equipment to be inspected and construction in progress	115,831	10,916,651
Total cost	<u>\$12,039,971</u>	<u>\$25,606,108</u>
Less: Accumulated depreciation	(6,802,474)	(6,513,487)
Accumulated impairment	(146,367)	(146,367)
Total	<u>\$5,091,130</u>	<u>\$18,946,254</u>

Cost	Land	Buildings and structures	Machinery	Other equipment (Note)	Equipment to be inspected and construction in progress	Total
Balance, January 1, 2020	\$3,814,282	\$1,783,263	\$8,634,296	\$457,616	\$10,916,651	\$25,606,108
Additions	-	-	1,494	92,620	1,981,171	2,075,285
Disposals	-	-	(1,450)	(13,773)	-	(15,223)
Reclassifications	-	-	-	-	-	-
Transfer to investment property	(73,028)	-	-	-	-	(73,028)
Influence of subsidiaries change	(2,665,378)	-	-	(105,802)	(12,781,991)	(15,553,171)
Balance, December 31, 2020	<u>\$1,075,876</u>	<u>\$1,783,263</u>	<u>\$8,634,340</u>	<u>\$430,661</u>	<u>\$115,831</u>	<u>\$12,039,971</u>
Accumulated depreciation and impairment						
Balance, January 1, 2020	\$ -	\$835,742	\$5,474,881	\$241,709	\$107,522	\$6,659,854
Depreciation	-	37,431	246,262	21,170	-	304,863
Disposals	-	-	(1,450)	(13,575)	-	(15,025)
Provision for (reversal of) impairment loss	-	-	-	-	-	-
Influence of subsidiaries change	-	-	-	(851)	-	(851)
Balance, December 31, 2020	<u>\$ -</u>	<u>\$873,173</u>	<u>\$5,719,693</u>	<u>\$248,453</u>	<u>\$107,522</u>	<u>\$6,948,841</u>

(Note): Including transportation equipment, office equipment and other equipment.

Cost	Land	Buildings and structures	Machinery	Other equipment (Note)	Equipment to be inspected and construction in progress	Total
Balance, January 1, 2019	\$3,814,282	\$1,783,156	\$8,628,382	\$403,290	\$7,363,255	\$21,992,365
Additions	-	-	3,355	60,057	3,561,491	3,624,903
Disposals	-	-	(521)	(10,639)	-	(11,160)
Reclassifications	-	107	3,080	4,908	(8,095)	-
Balance, December 31, 2019	<u>\$3,814,282</u>	<u>\$1,783,263</u>	<u>\$8,634,296</u>	<u>\$457,616</u>	<u>\$10,916,651</u>	<u>\$25,606,108</u>
Accumulated depreciation and impairment						
Balance, January 1, 2019	\$ -	\$798,312	\$5,206,066	\$227,952	\$107,522	\$6,339,852
Depreciation	-	37,430	269,231	23,867	-	330,528
Disposals	-	-	(416)	(10,110)	-	(10,526)
Balance, December 31, 2019	<u>\$ -</u>	<u>\$835,742</u>	<u>\$5,474,881</u>	<u>\$241,709</u>	<u>\$107,522</u>	<u>\$6,659,854</u>

(Note): Including transportation equipment, office equipment and other equipment.

- 1.Reconciliations of current additions and the acquisition of property, plant and equipment in statement of cash flows were as follows:

Item	Year Ended December 31	
	2020	2019
Increase in property, plant and equipment	\$2,075,285	\$3,624,903
Increase/decrease in payables for purchase of equipment	493,607	(294,243)
Decrease in payables for purchase of equipment from losing subsidiaries	(269,453)	-
Cash paid for acquisition of property, plants and equipment	\$2,299,439	\$3,330,660

- 2.Please refer to Note 6.26 for details of the amount of capitalized borrowing costs.
3.Impairment losses for property, plant and equipment recognized for 2020 and 2019 were both \$0 thousand.
4.For the information about property, plant and equipment pledged as collateral, please refer to Note 8 for details.
5.The Group's land amounting to both \$69,792 thousand as of December 31 2020 and 2019 is unable to be registered under the name of the Group due to regulation restriction. Accordingly, the ownership was registered under the name of an individual with a mortgage registration as safeguard measures.

6.10 Investment properties

Item	December 31	
	2020	2019
Land	\$202,233	\$129,205
Total cost	\$202,233	\$129,205
Less: Accumulated Impairment	(68,009)	(68,009)
Total	\$134,224	\$61,196

1. Investment properties and accumulated depreciation and impairment changes are as follows:

Cost	Land	
	2020	2019
Balance, January 1	\$129,205	\$129,205
Additions	-	-
Transfer from property, plant and equipment	73,028	-
Balance, December 31	\$202,233	\$129,205
Accumulated impairment		
Balance, January 1	\$68,009	\$68,009
Provision for (reversal of) impairment loss	-	-
Balance, December 31	\$68,009	\$68,009

2. Rental revenue and direct operating expenses of investment properties:

Item	Year Ended December 31	
	2020	2019
Rental revenue from investment properties	\$883	\$425
Direct operating expenses incurred by the investment properties with rental revenue generating in current period	\$72	\$83
Direct operating expenses incurred by the investment properties with no rental revenue generating in current period	\$258	\$261

3. As of December 31, 2020 and 2019, the fair values of investment properties held by the Group were \$301,614 thousand and \$85,057 thousand, respectively, which were based on evaluation appraised by independent appraisers as of December, 2019 and December, 2017. Such evaluation adopted the comparative approach by reference to the market evidence similar to the real estate transaction prices. Those are Level 3 fair value inputs. Please refer to Note 12(3). The Group believes that there would not be any material fluctuation in the fair value of such investment properties after their appraisal. Appraisal will be taken place every two years on the investment properties.
4. Please refer to Note 8 for investment properties pledged to others.
5. The Group's land amounting to both \$8,987 thousand as of December 31 2020 and 2019 is unable to be registered under the name of the Group due to regulation restriction. Accordingly, the ownership was registered under the name of an individual with a mortgage registration as safeguard measures.

6.11 Short-term Loans

Type of Loan	December 31, 2020	
	Amount	Interest Rate
Credit for material purchase	\$1,615,346	1.332%-2.55%
Mortgage loans	30,000	1.81%
Credit loans	580,842	0.846%-2.09%
Total	\$2,226,188	

Type of Loan	December 31, 2019	
	Amount	Interest Rate
Credit for material purchase	\$1,421,537	1.92%-2.60%
Mortgage loans	30,000	2.09%
Credit loans	525,000	2.095%-2.34%
Total	\$1,976,537	

Some investment properties, demand deposits, accounts receivable, and certificate deposit are pledged as collateral for short-term loans. Please refer to Note 8 for details.

6.12 Short-term notes and bills payable

Item	December 31	
	2020	2019
Commercial paper payable	\$220,000	\$220,000
Less: Unamortized discount	(146)	(1,253)
Net	\$219,854	\$218,747
Interest Rate Range	1.87%	1.89%

Some investment properties are pledged as collateral for short-term notes and bills payable. Please refer to Note 8 for information.

6.13 Other Payables

Item	December 31	
	2020	2019
Construction payable	\$ -	\$493,607
Compensations payable	39,256	50,847
Consumables payable	28,272	25,407
Utility expense payable	11,667	12,599
Fuel payable	6,178	9,033
Interest payable	7,404	13,110
Others	24,813	32,550
Total	\$117,590	\$637,153

6.14 Provisions - current

Item	December 31	
	2020	2019
Employee benefits	\$12,375	\$12,958
Onerous purchase contract	-	-
Total	\$12,375	\$12,958

Item	Employee benefits	Onerous contract	Total
January 1, 2020	\$12,958	\$ -	\$12,958
Recognized in current period	12,945	12,059	25,004
Write-off in current period	(12,529)	(12,059)	(24,588)
Influence of subsidiary change	(999)	-	(999)
December 31, 2020	\$12,375	\$ -	\$12,375

Item	Employee benefits	Onerous contract	Total
January 1, 2019	\$14,084	\$7,291	\$21,375
Recognized in current period	12,958	-	12,958
Write-off in current period	(14,084)	(7,291)	(21,375)
December 31, 2019	<u>\$12,958</u>	<u>\$ -</u>	<u>\$12,958</u>

- 1.Provision for employee benefits is an estimate of the short-term service leave vested to employees.
- 2.Provision for onerous contract is the unavoidable costs of irrevocable purchase contract which exceeds the economic benefits expected to be received.

6.15 Long-term Loans and Current Portion of Long-term Loans

Item	December 31	
	2020	2019
Bank syndicated loans:		
10 of Banks syndicated loans	\$2,817,500	\$2,875,000
10 of Banks syndicated loans-Subsidiaries	-	11,369,000
Total	<u>\$2,817,500</u>	<u>\$14,244,000</u>
Less: Unamortized discount	(5,463)	(44,821)
Current portion	<u>(229,554)</u>	<u>(57,356)</u>
Long-term loans	<u>\$2,582,483</u>	<u>\$14,141,823</u>
Interest rate range	<u>2.4841%</u>	<u>2.60%-2.7484%</u>

- 1.Please refer to Note 8 for the collateral of the above bank loans.
- 2.According to syndicated loan agreements with banks in February 2019, the Company needs to maintain several financial ratios, including current ratio, liability ratio and interest coverage ratio, at a certain level, calculated based on the audited annual standalone financial statements and the reviewed semi-annual consolidated financial statements for the duration of the contracts. Since the Company failed to interest coverage ratio in 2020, it needed to pay to the managing bank a compensation at 0.125% of the loan balance within agreed time. However, this is not seen as a breach of contract.
- 3.According to syndicated loan agreements between Great Emperor Hotel Co., Ltd. and banks, the Subsidiaries needs to maintain several financial ratios, including current ratio, liability ratio and interest coverage ratio, at a certain level, calculated based on the audited annual standalone financial statements. Interest coverage ratio will be reviewed after 6 years past the first use date, and the other standards will be reviewed from the first fiscal year after the hotel is officially put into operation. Due to the loan has not yet expired for 6 years, and the hotel has not start up, there is no need to review as of December 31, 2020. In addition, the company had a supplementary contract with the bank in January, 2020, and the repayment period was changed from 6 years to 8 years after the expiration date of the loan. And the Group lost the control to Great Emperor Hotel Co., Ltd. in the fourth quarter of 2020, please refer to Note 6.30.

4. According to syndicated loan agreements between Kings garden International Co., Ltd. and banks, the Subsidiaries needs to maintain several financial ratios, including current ratio, liability ratio and interest coverage ratio, at a certain level, calculated based on the audited annual standalone financial statements. Interest coverage ratio will be reviewed after 6 years past the first use date, and the other standards will be reviewed from the first fiscal year after the hotel is officially put into operation. Due to the loan has not yet expired for 6 years, and the shopping mall has not start up, there is no need to review as of December 31, 2020. In addition, the company had a supplementary contract with the bank in January, 2020, and the repayment period was changed from 6 years to 8 years after the expiration date of the loan. And the Group lost the control to Great Emperor Hotel Co., Ltd. in the first quarter of 2020, please refer to Note 6.30.

6.16 Benefit Plan After Retirement

1. Defined contribution plan

The pension system based on the Labor Pension Act which is applicable to the Group's domestic entities is a defined contribution plan managed by government. Groups would make monthly contribution equal to 6% of each employee's monthly salary to the employees' individual pension accounts at the Bureau of Labor Insurance.

The total expenses contributed under the defined contribution plan were \$ 15,776 thousand and \$14,775 thousand for the years ended December 31, 2020 and 2019, respectively, and were recognized as pension expenses.

2. Defined benefit plans

- (1) The pension plan under the Labor Standards Law, which is applicable to the Group's domestic entities, is a defined benefit pension plan managed. Under the defined benefit pension plan, pension benefits are based on the average monthly salaries and wages of the last 6 months prior to retirement and the duration of employment. Those Groups contributes monthly an amount equal to 6% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, under the name of the independent retirement fund committee.
- (2) Before the end of year, if the balance at the retirement fund is not sufficient to cover all employees retiring next year, a lump-sum deposit should be made before March-end of the following year to cover the difference.
- (3) The amounts recognized in the consolidated balance sheet for obligations from defined benefit plans are as :

Item	December 31	
	2020	2019
Present value of defined benefit obligations	\$295,297	\$308,007
Fair value of planned assets	(306,074)	(303,883)
Net defined benefit liability	<u>(\$10,777)</u>	<u>\$4,124</u>

(4) Movements in net defined benefit liability are as follows :

Item	Year Ended December 31, 2020		
	Present value of defined benefit obligations	Fair value of planned assets	Net defined benefit liability
Balance as of January 1	\$308,007	(\$303,883)	\$4,124
Cost of service			
Current service cost	1,691	-	1,691
Interest expense (income)	2,089	(2,108)	(19)
Recognized in profit and loss	\$3,780	(\$2,108)	\$1,672
Remeasurement			
Return on plan asset	\$ -	(\$9,896)	(\$9,896)
(Amounts included in interest income or expense are excluded)			
Actuarial (gains) losses -			
Effect of change in financial assumptions	10,462	-	10,462
Experience adjustment	(5,060)	-	(5,060)
Recognized in other comprehensive income	\$5,402	(\$9,896)	(\$4,494)
Pension fund contribution	\$ -	(\$12,079)	(\$12,079)
Paid pension	(21,892)	21,892	-
Balance as of December 31	\$295,297	(\$306,074)	(\$10,777)

Item	Year Ended December 31, 2019		
	Present value of defined benefit obligations	Fair value of planned assets	Net defined benefit liability
Balance as of January 1	\$333,573	(\$258,141)	\$75,432
Cost of service			
Current service cost	1,970	-	1,970
Interest expense (income)	2,465	(2,024)	441
Recognized in profit and loss	\$4,435	(\$2,024)	\$2,411
Remeasurement			
Return on plan asset	\$ -	(\$7,423)	(\$7,423)
(Amounts included in interest income or expense are excluded)			
Actuarial (gains) losses -			
Effect of change in financial assumptions	1,420	-	1,420
Experience adjustment	(21,608)	-	(21,608)
Recognized in other comprehensive income	(\$20,188)	(\$7,423)	(\$27,611)
Pension fund contribution	\$ -	(\$46,108)	(\$46,108)
Paid pension	(9,813)	9,813	-
Balance as of December 31	\$308,007	(\$303,883)	\$4,124

- (5) Through the pension plan under the Labor Standards Law, the Group is exposed to the following risks:

A. Investment risk

The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management by Bureau of Labor Funds, Ministry of Labor. However, the rate of return on the Group's planned assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.

B. Interest rate risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation, however, the return on the debt investments of the plan assets will also increase. Those two will partially offset each other.

C. Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

- (6) The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions adopted on the valuation date were as follows :

Item	Measurement date	
	December 31, 2020	December 31, 2019
Discount rate	0.30%	0.70%
Future salary increase rate	2.00%	2.00%
Average maturity period of defined benefit obligations	9 years	9 years

- A. Assumptions on future mortality experience are set based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

- B. If a reasonable change in one of the principal assumptions for actuarial valuation occurred and all other assumptions were held constant, the increase (decrease) in the present value of defined benefit obligation would be as follows :

Item	December 31	
	2020	2019
Discount rate		
Increase by 0.25%	(\$6,601)	(\$7,008)
Decrease by 0.25%	\$6,814	\$7,243
Expected growth rate of salaries		
Increase by 0.25%	\$6,682	\$7,131
Decrease by 0.25%	(\$6,508)	(\$6,936)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

(7)The Group expects to make contributions of \$ 12,654 thousand to the pension plans for the year ended December 31, 2021.

6.17 Common Stock

1.Quantities and values of the Company's outstanding common shares at the beginning and ending of periods were as follows :

Item	Year Ended December 31, 2020	
	Shares (thousand shares)	Amount
January 1	530,652	\$5,306,516
Capital increase in cash	-	-
December 31	530,652	\$5,306,516

Item	Year Ended December 31, 2019	
	Shares (thousand shares)	Amount
January 1	530,652	\$5,306,516
Capital increase in cash	-	-
December 31	530,652	\$5,306,516

2.As of December 31, 2020, the Company had an authorized capital of \$12,000,000 thousand with 1,200,000 thousand shares.

3.The Company's board of directors resolved common shares issued through private placement by \$2,000,000 thousand, consisting 350,877 thousand new shares (common shares) with par value of \$10. The issue price was \$5.70 per share resolved by the board of directors on December 8, 2006. The capital increase record date was set on February 8, 2007. Right and obligations of holders of the common shares issued through private placement were the same as those of the Company's original common shareholders. However, the listing and resale of those common shares issued through private placement shall be in accordance with Securities and Exchange Act and related regulations. Due to offsetting deficits, the capital reduction ratio is about 48.20%, and the number of shares after the capital reduction is 181,755 thousand shares in May 2009. The Company had resolved to capitalize earnings, and there was 3,635 thousand shares issued through private placement in October 2011.

4. The Company's board of directors resolved common shares issued through private placement by \$1,200,000 thousand, consisting 461,538 thousand new shares (common shares) with par value of \$10. The issue price was \$2.60 per share resolved by the board of directors on September 25, 2008. The capital increase record date was set on November 12, 2008. Right and obligations of holders of the common shares issued through private placement were the same as those of the Company's original common shareholders. However, the listing and resale of those common shares issued through private placement shall be in accordance with Securities and Exchange Act and related regulations. Due to offsetting deficits, the capital reduction ratio is about 48.20%, and the number of shares after the capital reduction is 239,078 thousand shares in May 2009. The Company had resolved to capitalize earnings, and there was 4,782 thousand shares issued through private placement in October 2011.
5. In order to improve the financial structure and future operation and development, the Company passed a resolution of shareholders' meeting to reduce the amount of capital to eliminate the accumulated loss of \$1,000,000 thousand (included private placement by \$680,646 thousand and non-private placement by \$319,354 thousand), and eliminate common stock 100,000 thousand shares (included private placement by 68,065 thousand shares and non-private placement by 31,935 thousand shares). The capital reduction rate was 15.8566% and be approved by the Financial Supervision Commission on August 30, 2017, and the change registration was completed on September 15, 2017.
6. As of December 31, 2020 and 2019, the Company's issued capital amounts to both \$5,306,516 thousand, representing approximately 530,652 thousand ordinary shares. The capital information was as follows :

Item	Amount
Common shares - private placement	\$3,611,857
Common shares - non-private placement	1,694,659
Total	<u><u>\$5,306,516</u></u>

6.18 Capital Surplus

Item	December 31	
	2020	2019
Share premium	\$5	\$5
Difference between the price received from acquisition or disposal of a subsidiary and its book value	1,252	1,252
Change in ownership interests in subsidiaries accounted for using equity method	134,588	126,473
Unrealized gains and losses of intra-group transactions	5,129,745	-
Changes in associates and joint ventures recognized under equity method	20,490	4,869
Total	<u><u>\$5,286,080</u></u>	<u><u>\$132,599</u></u>

Under the Company Act, capital surplus arising from shares issued at premium or from donation may be used for offsetting deficit. Furthermore, if the Company has no accumulated loss, capital surplus may be used for issuing new shares or distributing cash in proportion to shareholders' original holdings. In accordance with regulations in the Securities and Exchange Act, when the above-mentioned capital surplus is used for capitalization, the total amount every year shall not exceed 10% of the paid-in capital. The Company may use capital surplus to offset loss only when the amount of earnings and reserves are insufficient to offset the loss. The capital surplus generated from investment under equity method shall not be used for any purposes.

Please refer to Note 6.30 for the transaction of unrealized gains and losses of intra-group.

6.19 Retained Earnings and Dividend Policy

1.A residual dividend distribution policy is adopted in accordance with the Company's development plan, investment environment, capital needs and domestic and foreign competition in present and future, and shareholder benefit after considering the fact that the Company is currently in Maturity phase. If accumulated distributable surplus is lower than capital 20%, the Company can't get distributed, otherwise distribute dividends to shareholders do not less than 20% in annual year. The annual net income, if any, should be used to pay off all the taxes and duties, as well as to compensate prior deficits. The remaining amount, if any, should be appropriated in the following order of presentation:

(1)10% as legal reserve;

(2)set aside an amount as special reserve according to operating needs;

(3)if there is a surplus for the year, it should be used as dividends to special shares priority;

(4)the remaining net income plus unappropriated earnings from prior years may be used as dividends or bonus (stock dividends are distributed at between 0% to 80% of the total dividends distributed and cash dividends are distributed at between 20% to 100% of total dividends distribute).

The surplus distribution ratio and cash dividend ratio may be adjusted by the Board of Directors and depend on actual profit, cash position, and operating needs.

2.Legal reserves may only be used for offsetting deficits and issuing new shares or distributing cash in proportion to shareholders' original holdings. However, when new shares are issued or cash is distributed, the amount shall be limited to 25% of the reserves in excess of the paid-in capital.

3.Special reserve

Item	December 31	
	2020	2019
Provision for debit balance of other equity	\$3,332	\$3,332
Offsetting deficits	(3,332)	(3,332)
Total	\$ -	\$ -

- (1)The Company may allocate earnings only after providing special reserve for debt balance in other equity on the date of balance sheet, and the reversal of debit balance in other equity, if any, may be stated into allocable earnings.
- (2)Upon first-time adoption of IFRSs, the exchange differences on translation and unrealized revaluation value conversed to retained earnings were (\$1,325) thousand and \$0 thousand, respectively. Thus, the Company don't need to set aside as special reserve.
- 4.The shareholders' meeting held in June 2019 and 2018 resolved no dividends distributed to the shareholders due to operating deficit. Information about earnings distribution approved by the Board of Directors and resolved by the shareholders meeting is available at the Taiwan Stock Exchange Market Observation Post System website.
- 5.The Company's appropriations of earnings for 2020 had been approved in the meeting of the board of directors held on March 24, 2021. No dividends will be distributed to the shareholders due to accumulated deficit as of December 31, 2020. The appropriations of earnings for 2020 are to be presented for approval in the Company's annual shareholders' meeting to be held in June 2021.

6.20 Other Equity Items

Item	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial asset at fair value through other comprehensive income	Gain (loss) on hedging instruments	Total
Balance, January 1, 2020	(\$2,165)	\$811	\$4	(\$1,350)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	(987)	-	(987)
Share of associates and joint ventures accounted for using equity method	(5,077)	3,827	-	(1,250)
Balance, December 31, 2020	(\$7,242)	\$3,651	\$4	(\$3,587)

Item	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial asset at fair value through other comprehensive income	Gain (loss) on hedging instruments	Total
Balance, January 1, 2019	\$296	\$1,707	\$4	\$2,007
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	473	-	473
Share of associates and joint ventures accounted for using equity method	(2,461)	(1,369)	-	(3,830)
Balance, December 31, 2019	(\$2,165)	\$811	\$4	(\$1,350)

6.21 Non-controlling Interest

Item	Year Ended December 31	
	2020	2019
Beginning balance	\$3,629,309	\$2,570,941
Share attributable to non-controlling interest:		
Net loss for the current year	(14,670)	(10,782)
Increase in non-controlling interest - capital increase by cash (Note)	947,903	1,091,497
Increase (decrease) in non-controlling interest	(4,562,542)	(22,347)
Ending balance	\$ -	\$3,629,309

Note: Including the un-registered capital increased by cash was \$133,597 thousand as of December 31,2019.

6.22 Operating Revenue

Item	Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Sales revenue	\$5,435,089	\$6,185,657
Processing revenue	124,748	293,946
Scraps revenue	57,116	75,389
Service revenue	-	17,529
Total sales revenue from contracts with customers	\$5,616,953	\$6,572,521
Less: Sales return	(26,245)	(18,477)
Sales discount	(917)	(1,240)
Net operating revenue	\$5,589,791	\$6,552,804

1.Segments of revenue from contracts with customers

Sales, processing and service revenue of wire rods and steel coil processed, etc. are mainly to downstream manufacturers, and sell at fixed prices per contractual terms.

2.Contract revenue details

The region of steel revenue can by disaggregated below.

2020 :

	Steel	Processed	Other	Total
Region				
Taiwan	\$4,247,572	\$124,748	\$ -	\$4,372,320
America	509,470	-	-	509,470
Thailand	242,930	-	-	242,930
South Korea	101,502	-	-	101,502
Others	363,569	-	-	363,569
Total	<u>\$5,465,043</u>	<u>\$124,748</u>	<u>\$ -</u>	<u>\$5,589,791</u>
Service line				
Gangshan Factory	\$5,267,305	\$19,091	\$ -	\$5,286,396
Pingnan Factory	197,738	105,657	-	303,395
Total	<u>\$5,465,043</u>	<u>\$124,748</u>	<u>\$ -</u>	<u>\$5,589,791</u>
Timing of revenue recognition				
Revenue recognized at a specific timing	\$5,465,043	\$124,748	\$ -	\$5,589,791
Revenue recognized over time	-	-	-	-
Total	<u>\$5,465,043</u>	<u>\$124,748</u>	<u>\$ -</u>	<u>\$5,589,791</u>

2019 :

	Steel	Processed	Other	Total
Region				
Taiwan	\$4,677,109	\$293,946	\$17,529	\$4,988,584
America	511,656	-	-	511,656
Italia	207,992	-	-	207,992
Thailand	237,656	-	-	237,656
Others	606,916	-	-	606,916
Total	<u>\$6,241,329</u>	<u>\$293,946</u>	<u>\$17,529</u>	<u>\$6,552,804</u>
Service line				
Gangshan Factory	\$5,878,478	\$9,218	\$ -	\$5,887,696
Pingnan Factory	362,851	284,728	-	647,579
Others	-	-	17,529	17,529
Total	<u>\$6,241,329</u>	<u>\$293,946</u>	<u>\$17,529</u>	<u>\$6,552,804</u>
Timing of revenue recognition				
Revenue recognized at a specific timing	\$6,241,329	\$293,946	\$ -	\$6,535,275
Revenue recognized over time	-	-	17,529	17,529
Total	<u>\$6,241,329</u>	<u>\$293,946</u>	<u>\$17,529</u>	<u>\$6,552,804</u>

3. Contract Balance

Item	December 31	
	2020	2019
Receivables	\$193,100	\$71,151
Contract liabilities - current	\$64,123	\$30,718

(1) Significant change in contract assets and contract liabilities

The change in contract assets and contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment.

(2) Amount of satisfied performance obligations from previous period and beginning contract liabilities recognized in the current period as income were as follows:

Item	Year Ended December 31	
	2020	2019
Goods sale	\$29,627	\$29,251
From previous period's satisfied performance	\$ -	\$ -

6.23 Employee benefits, depreciation and amortization expense

Nature	Year Ended December 31, 2020		
	Operating Cost	Operating Expense	Total
Employee benefits			
Salary	\$180,736	\$61,148	\$241,884
Insurance	21,736	5,713	27,449
Pension	10,804	2,994	13,798
Other employee benefits	34,895	5,365	40,260
Depreciation	297,653	7,210	304,863
Total	\$545,824	\$82,430	\$628,254

(Note) Excluding pension recognized as construction in progress were \$3,650 thousand.

Nature	Year Ended December 31, 2019		
	Operating Cost	Operating Expense	Total
Employee benefits			
Salary	\$184,905	\$57,358	\$242,263
Insurance	23,294	5,703	28,997
Pension	12,005	3,140	15,145
Other employee benefits	42,594	6,153	48,747
Depreciation	302,215	28,313	330,528
Total	\$565,013	\$100,667	\$665,680

(Note) Excluding pension recognized as construction in progress were \$2,041 thousand.

1. Compensation to employees and remuneration to directors shall neither be less than 0.2 % nor greater than 0.1% of the net income before tax and before which the compensation to employees and remuneration to directors are deducted from. Due to the accumulated deficits of the Company for 2020 and 2019, the estimated amount of the above compensation and remuneration were both \$0 thousand. Any changes in the amounts, if any, after the annual financial statements were authorized for issue, shall be recorded as a change in accounting estimate, and should be adjusted the next year.
2. In March 24, 2021 and March 17, 2020, the Company's board of directors resolved no employees' compensation and directors' and supervisors' remuneration for the years ended December 31, 2020 and 2019. The approved amounts were consistent with the accrued amounts charged against earnings of year 2020 and 2019.
3. Information about employee compensation and remuneration to directors and supervisors approved by the board of directors is available at the Taiwan Stock Exchange Market Observation Post System website.

6.24 Other Income

Item	Year Ended December 31	
	2020	2019
Rent income	\$978	\$521
Dividend income	375	645
Subsidy income	40,600	-
Other income	503	786
Total	<u>\$42,456</u>	<u>\$1,952</u>

(Note) Please refer to Note 10 for the relevant information about subsidy income.

6.25 Other gains and losses

Item	Year Ended December 31	
	2020	2019
Valuation gain (loss) of financial assets measured at FVTPL	\$1,810	(\$1,268)
Gain (loss) on disposal of financial assets at fair value through profit and loss	1,629	1,075
Gain (loss) from disposal of property, plant, and equipment	(198)	(614)
Net foreign exchange gain (loss)	4,238	(569)
Others	(16)	(487)
Total	<u>\$7,463</u>	<u>(\$1,863)</u>

6.26 Finance Costs

Item	Year Ended December 31	
	2020	2019
Interest on loans	\$280,021	\$394,936
Others	8,889	5,592
Subtotal	\$288,910	\$400,528
Less: Amount qualified for capitalization	(156,645)	(267,503)
Finance costs	<u>\$132,265</u>	<u>\$133,025</u>

6.27 Income Tax

1. Income tax expense

(1) Components of income tax expense

Item	Year Ended December 31	
	2020	2019
<u>Current income tax</u>		
Current income tax expense	\$ -	\$2,493
Current income tax expense	\$ -	\$2,493
<u>Deferred income tax</u>		
Deferred income tax originating and reversed temporary differences	\$3,615	\$14,714
Deferred income tax expense	\$3,615	\$14,714
Income tax expense (benefit)	<u>\$3,615</u>	<u>\$17,207</u>

(2) Income tax expense (benefit) associates with other comprehensive income

Item	Year Ended December 31	
	2020	2019
Remeasurement of defined benefit plans	<u>\$899</u>	<u>\$5,523</u>

2. Reconciliation of income before income tax and income tax expense recognized in profit or loss is as follows:

Item	Year Ended December 31	
	2020	2019
Income (loss) before tax	<u>(\$481,145)</u>	<u>(\$635,762)</u>
Income tax expense (benefit) at the statutory rate	(\$96,229)	(\$127,152)
Tax effect of adjusting items:		
Investment loss (gain) recognized under equity method	9,086	5,169
Unrealized inventory valuation loss (recovery gain)	(10,287)	8,118
Realized (unrealized) pension	(2,081)	(8,739)
Other adjustments	(6,564)	(4,870)
Loss carryforwards	106,075	129,967
Net changes of deferred income tax	3,615	14,714
Income tax benefit recognized in profit or loss	<u>\$3,615</u>	<u>\$17,207</u>

The domestic applicable income tax rate of the Group was 20%, and the tax rate applicable to unappropriated earnings was 5%.

3. Deferred income tax assets or liabilities from temporary differences, loss carry forwards and investment credits:

Item	Year Ended December 31, 2020			
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax assets:				
Temporary differences				
Provision for inventory valuation loss	\$11,315	(\$10,287)	\$ -	\$1,028
Unrealized impairment loss on assets	34,274	-	-	34,274
Sales recognition difference	222	599	-	821
Booking tax difference for depreciation	34,552	(4,230)	-	30,322
Net defined benefit liability	825	(825)	-	-
Compensation to unused annual leave	2,413	62	-	2,475
Unrealized exchange losses	6	(6)	-	-
Unrealized loss carryforwards	63,542	12,377	-	75,919
Subtotal	\$147,149	(\$2,310)	\$ -	\$144,839
Deferred income tax liability:				
Temporary differences				
Unrealized exchange gains	\$ -	(\$49)	\$ -	(\$49)
Net defined benefit assets	-	(1,256)	(899)	(2,155)
Subtotal	\$ -	(\$1,305)	(\$899)	(\$2,204)
Total	\$147,149	(\$3,615)	(\$899)	\$142,635

Item	Year Ended December 31, 2019			
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax assets:				
Temporary differences				
Provision for inventory valuation loss	\$3,197	\$8,118	\$ -	\$11,315
Estimate the loss on irrevocable contracts	1,458	(1,458)	-	-
Unrealized impairment loss on assets	34,274	-	-	34,274
Sales recognition difference	47	175	-	222
Booking tax difference for depreciation	38,793	(4,241)	-	34,552
Net defined benefit liability	15,087	(8,739)	(5,523)	825
Compensation to unused annual leave	2,256	157	-	2,413
Unrealized exchange losses	13	(7)	-	6
Unrealized loss carryforwards	72,261	(8,719)	-	63,542
Total	\$167,386	(\$14,714)	(\$5,523)	\$147,149

4.Items not recognized as deferred income tax assets:

Item	December 31	
	2020	2019
Loss carryforwards	\$733,211	\$735,631
Investment loss recognized under equity method	116,185	104,407
Provisions for Employee Benefits	-	179

The unused loss-carryforwards will expire successively in 2021-2030.

5.The Company's income tax returns through 2018 have been ratified by the tax authorities.

6.28 Other Comprehensive Income

Item	Year Ended December 31, 2020		
	Before tax	Income tax expense (benefit)	After tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plans	\$4,494	(\$899)	\$3,595
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(987)	-	(987)
Share of subsidiaries, associates and joint ventures accounted for using equity method:			
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	3,827	-	3,827
Remeasurement of defined benefit plans	(10)	-	(10)
Subtotal	\$7,324	(\$899)	\$6,425
Items that may be reclassified subsequently to profit or loss:			
Share of subsidiaries, associates and joint ventures accounted for using equity method:			
Exchange differences on translation of foreign financial statements	(\$5,077)	\$ -	(\$5,077)
Subtotal	(\$5,077)	\$ -	(\$5,077)
Recognized in other comprehensive income	\$2,247	(\$899)	\$1,348

Item	Year Ended December 31, 2019		
	Before tax	Income tax expense (benefit)	After tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plans	\$27,611	(\$5,523)	\$22,088
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	473	-	473
Share of associates and joint ventures accounted for using equity method:			
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	(1,369)	-	(1,369)
Remeasurement of defined benefit plans	19	-	19
Subtotal	\$26,734	(\$5,523)	\$21,211
Items that may be reclassified subsequently to profit or loss:			
Share of associates and joint ventures accounted for using equity method:			
Exchange differences on translation of foreign financial statements	(\$2,461)	\$ -	(\$2,461)
Subtotal	(\$2,461)	\$ -	(\$2,461)
Recognized in other comprehensive income	\$24,273	(\$5,523)	\$18,750

6.29 Transactions with Non-Controlling Interests

1. Subsidiary issued the common stock for cash, and the Group did not subscribe with the proportion of shareholding
2020:

In April, 2020, the Group did not subscribe for additional new shares of Great Emperor Hotel Co., Ltd., it caused the Group's ownership percentage different from its existing percentage, and reduced its ownership percentage from 58.81% to 53.36%.

The above transaction were accounted for as equity transaction since the Group did not cease to have control over the subsidiary.

Item	Great Emperor Hotel Co., Ltd.
Subscription in cash (Note)	\$360,500
The carrying amount of the net assets of the subsidiary was transferred to the non-controlling equity based on the relative equity changes	(352,385)
Total	\$8,115

(Note) Including \$133,597 thousand of capital collected in advance - minority interest at the beginning of the period.

2019:

In July and December, 2019, the Group did not subscribe for additional new shares of Kings garden International Co., Ltd. and Great Emperor Hotel Co., Ltd., it caused the Group's ownership percentage different from its existing percentage, and reduced its ownership percentage from 59.87% to 55.34%, 64.01% to 58.81%, and last dropped to 50.71% and 58.81%.

The above transaction were accounted for as equity transaction since the Group did not cease to have control over the subsidiary.

Item	Kings garden International Co., Ltd.	Great Emperor Hotel Co., Ltd.
Subscription in cash (Note)	\$659,200	\$298,700
The carrying amount of the net assets of the subsidiary was transferred to the non-controlling equity based on the relative equity changes	(643,889)	(291,664)
Total	\$15,311	\$7,036

6.30 Disposal of subsidiary (reorganization)

- On February 24, 2020, Kings garden International Corp.'s board of directors resolved to issue 7,000 thousand ordinary shares for raising operating capital. The par value was \$10 per share, for a consideration of \$10.3 per share which increased the common stock issued to \$72,100 thousand (the capital increase record date was set on March 11, 2020). The Group did not subscribe for the above new share issue and transferred the full subscription to its parent company. The Group ceased to have control over the subsidiary, since its ownership percentage reduced from 50.71% to 49.87%.

(1) Analysis of assets and liabilities from losing control

	Subsidiary	Sub-subsidiaries			
	Kings garden International Co., Ltd.	Yi Hua International Co., Ltd.	Hua Li International Co., Ltd.	Write-off for consolidated	Total
Current Assets					
Cash and Cash equivalents	\$82,645	\$11,700	\$58,744	\$ -	\$153,089
Other receivables	1,565	10,323	-	(10,323)	1,565
Current tax assets	14	-	-	-	14
Prepayments	288,907	326	58	-	289,291
Other financial assets-current	105,113	-	-	-	105,113
Noncurrent Assets					
Investments accounted for using equity method	70,386	-	-	(70,386)	-
Property, plant and equipment	9,659,875	41	-	(2,606,470)	7,053,446
Other financial assets-noncurrent	39,390	-	-	-	39,390

Current Liabilities					
Other payables	(109,900)	(1,449)	(566)	10,323	(101,592)
Contract liabilities	-	(1,091)	-	-	(1,091)
Provisions-current	(275)	-	-	-	(275)
Current tax liabilities	-	(2,493)	-	-	(2,493)
Noncurrent Liabilities					
Long-term loan	(6,008,000)	-	-	-	(6,008,000)
Guarantee deposit received	(3,600)	-	-	-	(3,600)
Disposal of Net Assets	<u>\$4,126,120</u>	<u>\$17,357</u>	<u>\$58,236</u>	<u>(\$2,676,856)</u>	<u>\$1,524,857</u>

(2) Reorganization

Item	2020
Transferred to the investments accounted for using equity method in credit balance from losing control	(\$514,290)
Transferred unrealized internal gains and losses to capital surplus from losing control	2,606,470
Total	<u>\$2,092,180</u>

According to the Q&A released by Accounting Research and Development Foundation on October 30, 2018, the amount of \$2,606,470, that included unrealized benefits from sale of real estate to Kings garden International Corp. previously and unrealized internal gains were \$2,522,985 and \$83,485, were converted to "Capital Surplus -Unrealized Gains and Losses of Group Transactions", after the Company lost the control.

(3) Net cash flow (outflow) from disposal of subsidiary (reorganization)

Item	2020
Received in cash and cash equivalents	\$ -
Less: Cash inflow (outflow) of reorganization	(153,089)
Net cash inflow (outflow) of reorganization	<u>(\$153,089)</u>

- On July 14,2020, Great Emperor Hotel Corp.'s board of directors resolved to issue 70,000 thousand ordinary shares for raising operating capital. The par value was \$10 per share, for a consideration of \$10.3 per share which increased the common stock issued to \$721,000 thousand (the capital increase record date was set on October 30,2020). The Group did not subscribe for the above new share issue and transferred the full subscription to its parent company. The Group ceased to have control over the subsidiary, since its ownership percentage reduced from 53.56% to 45.44%.

(1) Analysis of assets and liabilities from losing control

	Subsidiary - Great Emperor Hotel Corp.	Write-off for consolidated	Total
Current Assets			
Cash and Cash equivalents	\$39,692	\$ -	\$39,692
Other receivables	28,567	-	28,567
Current tax assets	12	-	12
Inventories	231	-	231
Prepayments	341,524	-	341,524
Other financial assets-current	347,378	-	347,378
Noncurrent Assets			
Investments accounted for using equity method	27,501	-	27,501
Property 、 plant and equipment	11,022,149	(2,523,275)	8,498,874
Intangible assets	18,590	-	18,590
Refundable deposits	6,009	-	6,009
Other financial assets-noncurrent	41,561	-	41,561
Current Liabilities			
Other payables	(254,564)	-	(254,564)
Provisions-current	(724)	-	(724)
Noncurrent Liabilities			
Long-term loan	(7,033,073)	-	(7,033,073)
Guarantee deposit received	(311)	-	(311)
Disposal of Net Assets	<u>\$4,584,542</u>	<u>(\$2,523,275)</u>	<u>\$2,061,267</u>

(2) Reorganization

Item	2020
Transferred to the investments accounted for using equity method in credit balance from losing control	(\$481,514)
Transferred unrealized internal gains and losses to capital surplus from losing control	2,523,275
Total	<u>\$2,041,761</u>

According to the Q&A released by Accounting Research and Development Foundation on October 30, 2018, the amount of \$2,523,275, that included unrealized benefits from sale of real estate to Great Emperor Hotel Corp. previously and unrealized internal gains were \$2,445,476 and \$77,799, were converted to "Capital Surplus - Unrealized Gains and Losses of Group Transactions", after the Company lost the control.

(3) Net cash flow (outflow) from disposal of subsidiary (reorganization)

Item	2020
Received in cash and cash equivalents	\$ -
Less: Cash inflow (outflow) of reorganization	(39,692)
Net cash inflow (outflow) of reorganization	(\$39,692)

6.31 Earnings (loss) Per Share

Item	Year Ended December 31	
	2020	2019
Net income (loss) attributable to parent company	(\$470,090)	(\$642,187)
Less: Dividend of preferred stock	-	-
Net income (loss) attributable to shareholders of parent company (A)	(\$470,090)	(\$642,187)
Weighted average number of outstanding shares (thousand shares) (B)	530,652	530,652
Basic earnings (loss) per share (after tax) (NT\$)(A)/(B)	(\$0.89)	(\$1.21)

7.RELATED PARTY TRANSACTIONS

7.1 Parent and ultimate controlling party.

The Group was controlled by Yieh Phui Enterprise Co., Ltd., which held 57.41% and 56.98% of the company's shares as of December 31, 2020 and 2019, respectively, and other shares were held by public. Yieh Phui Enterprise Co., Ltd. is the ultimate controlling party of the Group.

7.2 Names of related parties and relationship categories

Names of related parties	Related party category
Yieh Phui Enterprise Co., Ltd.	Parent
Kings garden International Co., Ltd	Associate (Losing control in the first quarter of 2020)
Great Emperor Hotel Co., Ltd.	Associate (Losing control in the fourth quarter of 2020)
Yieh United Steel Corp.	Associate
Cheng Shin Security Co., Ltd.	Associate
E-Da Development Co., Ltd.	Associate
Eliter International Corp.	Associate
Yi Mau Development Co, Ltd.	Associate
Yieh Corporation Limited	Other related party
Yieh Mau Corp.	Other related party

Skylark International Hotel Co., Ltd.	Other related party
Pacific Harbor Stevedoring Corporation	Other related party
New Spring Construction Corp.	Other related party
E-Da Royal Hotel Company Ltd.	Other related party
E-Da Hospital	Other related party
E-Da Medical Foundation Dachang Hospital	Other related party
I-Shou University	Other related party
I-Shou University Internship Center	Other related party
UniPattern Corporation	Other related party
Yieh Corp.	Other related party
I-Hsiang-Le International Co., Ltd.	Other related party
Long Hua Travel Services Co., Ltd.	Other related party
E-DA Tour Bus Co., Ltd.	Other related party
Royal Palace Hong Kong Style Restaurant Co., Ltd.	Other related party
Kiwa International Commercial Asset Management (Taiwan) Limited	Other related party
Yu Ching-Sheng	Other related party
Shin Ho Environmental Engineering Co., Ltd	Other related party

7.3 Significant transactions with related parties

Balance and transactions between the Company and subsidiaries (i.e., related parties) were eliminated and not disclosed when preparing such consolidated financial statements. Disclosure of related party transactions are as follows:

1. Operating revenue

Related party category/Name	Year Ended December 31	
	2020	2019
Associates	\$54,255	\$73,238
Other related party	7,989	48,759
Total	\$62,244	\$121,997

- (a) Selling price to the Group's related parties, stainless steel wire, and trading terms are the same with those to other customers. Payment periods were collect L/C or T/T in advance before shipment.
- (b) Selling price of stainless steel scraps to related parties are set with reference to the purchase price of a non-related party as a trading counterparty. Payment term is monthly, and closes in 15 days.
- (c) The merchants service income and payment conditions of the Group are according with contract.

2.Purchases

Related party category/Name	Year Ended December 31	
	2020	2019
Associates		
Yieh United Steel Corp.	\$3,506,331	\$4,313,858

Items purchased by the company from above related parties were mainly stainless steel billets and carbon steel billets. The purchase prices are similar to that offered to other suppliers. Payment term is LC at sight, T/T before shipment (not significantly different than terms to other suppliers).

3.Receivables from related parties (excluding loans to related parties and contract assets)

Item	Related party category/Name	December 31	
		2020	2019
Accounts receivable	Associates	\$5,432	\$6,662
Other receivables	Associates		
	Yieh United Steel Corp.	\$72,695	\$ -
	Other related parties		
	Other	-	144
	Total	\$72,695	\$144

4.Payables to related parties (excluded loans from related parties)

Item	Related party category/Name	December 31	
		2020	2019
Notes payable	Other related parties	\$224	\$854
Accounts payable	Associates	\$ -	\$20,524
	Other related parties	-	976
	Total	\$ -	\$21,500
Other payables	Parent	\$268	\$290
	Associates	3,093	755
	Other related parties	903	29,633
	Total	\$4,264	\$30,678

5.Prepayments: None.

6. Advance receipts

Related party category/Name	December 31	
	2020	2019
Other related parties		
New Spring Construction Corp.	\$69	\$69

7. Contract liabilities

Related party category/Name	December 31	
	2020	2019
Other related parties	\$ -	\$1,091

8. Asset transaction

(1) Acquisition of property, plant and equipment:

2020:

Type of related party	Transaction target	Transaction amount
Other related parties		
New Spring Construction Corp.	Construction in progress	\$95,374
UniPattern Corporation	Construction in progress	118,561
UniPattern Corporation	Other equipment	2,552

The above-mentioned transaction price was by reference to appraisal reports offered by professional institutions, and were agreed on by both parties upon negotiation or through price comparison.

2019:

Type of related party	Transaction target	Transaction amount
Associates		
Yieh United Steel Corp.	Transportation equipment	\$471
E-Da Development Co., Ltd.	Transportation equipment	377
Other related parties		
New Spring Construction Corp.	Construction in progress	991,790
New Spring Construction Corp.	Other equipment	4,494
UniPattern Corporation	Construction in progress	135,420

The above-mentioned transaction price was by reference to appraisal reports offered by professional institutions, and were agreed on by both parties upon negotiation or through price comparison. As of December 31, 2019, the unpaid portion was \$25,532 thousand

(2) Disposal of property, plant and equipment: None.

(3) Disposal of other assets: None

9. Loans to related parties: None.

10. Loans from related parties: None.

11. Endorsements and guarantees: None.

12. Others

(1) Miscellaneous income

Related party category/Name	Year Ended December 31	
	2020	2019
Parent	\$218	\$218
Associates		
Yieh United Steel Corp..	-	67
Great Emperor Hotel Co., Ltd.	74	-
Kings garden International Co., Ltd	384	-
Other related parties		
New Spring Construction Corp.	207	207
Other	78	138
Total	<u>\$961</u>	<u>\$630</u>

These are mainly rent income and utility income. The rent price is determined by contract and received monthly or quarterly.

(2) Miscellaneous expenses

Related party category	Year Ended December 31	
	2020	2019
Parent	\$1,620	\$1,600
Other related parties	13,164	21,515
Associates	17,795	12,434
Total	<u>\$32,579</u>	<u>\$35,549</u>

These are mainly technical service, and computer using cost.

- (3) The situation in which the Group participated in the cash capital increase of the following companies and increased the investment amount is as follows:
2020:

Investee	Investment Increase		Shareholding Percentage	
	Shares (thousand shares)	Amount	Before Offering	After Offering
Associates:				
Yi Mau Development Co, Ltd.	2,752	\$27,520	-	12.80%

The transaction is the amount that Great Emperor Hotel Co., Ltd. invested in Yi Mau Development Co, Ltd. before losing control.

2019:

Investee	Investment Increase		Shareholding Percentage	
	Shares (thousand shares)	Amount	Before Offering	After Offering
Associates :				
E-Da Development Co., Ltd.	4,753	\$47,535	5.94%	5.94%

(4) Other

Investee	Significant Transaction
Other related parties	The Group's lands of property, plant and equipment and investment properties are unable to be registered under the name of the company due to regulation restriction. Accordingly, the ownership was registered under the name of an individual with a mortgage registration as safeguard measures.

7.4 Information about remunerations to the major management

Item	Year Ended December 31	
	2020	2019
Salary and other short-term employee benefits	\$18,532	\$20,803
Benefits after retirement	729	729
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Total	\$19,261	\$21,532

8.PLEDGED ASSETS

The following assets have been pledged as collateral for loans:

Item	December 31	
	2020	2019
Pledged demand deposits	\$228,617	\$450,008
Pledged time deposits	105,285	105,300
Subtotal of other financial assets - current	\$333,902	\$555,308
Pledged demand deposits	-	\$74,539
Subtotal of other financial assets – non current	-	\$74,539
Property, plant and equipment (net)	\$4,630,731	\$7,629,598
Investment properties	95,384	22,356
Accounts receivables	30,842	-
Total	\$5,090,859	\$8,281,801

9.SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1)Guarantee notes received by the Group for line of loan totaled \$6,577,937 thousand and \$21,304,376 thousand as of December 31, 2020 and 2019, respectively.

(2)The unused letters of credit as of December 31, 2020 and 2019 are as follows:

Item	December 31			
	2020		2019	
Foreign letter of credit	USD	5,894	USD	5,296
Domestic letter of credit	NTD	27,792	NTD	222,658

(3) The Group is in contract with JSPL, EAST and other raw material suppliers for material of billet, and price is negotiated by parties. The unfulfilled amounted was 20,150 tons, and the amount was approximately \$280,670 thousand as of December 31, 2020.

(4) Capital expenditures committed but not yet incurred are as follows:

Item	December 31	
	2020	2019
Property, plant and equipment	\$ -	\$2,366,620

10.SIGNIFICANT DISASTER LOSS:

The Group was affected by the COVID-19 epidemic, as a result of the revenue decline sharply from January to September, 2020. As the epidemic is eased and policies are loosened, the Group expects its operations will be recovered gradually.

To respond the impact of the epidemic, the Group has applied to the government successfully for subsidies such as salary and working capital. The Group has received \$40,600 thousand in subsidy income as of December 31, 2020. Please refer to Note 6.24 for detail.

11.SIGNIFICANT SUBSEQUENT EVENTS: None.

12.OTHERS

(1) Capital risk management

As the Group needs to maintain sufficient capital to meet the needs for expansion and plant and equipment improvement, capital management of the Group focuses on ensuring there are sufficient financial resources and operating plans to meet the demands for operating capital, capital expenditure, research and development expense, loan repayment and dividend distribution in the next 12 months.

(2) Financial Instruments

1. Financial risk of financial instruments

Financial risk management

The Group's daily operations are affected by various financial risks, e.g. market risk (including exchange rate, interest rate and price risks), credit risk and liquidity risk. The Group is devoted to identify, assess and avoid market uncertainties in order to eliminate the potential adverse effects of market changes on the financial performance.

Before engaging in significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. While the financial plan is underway, the Group shall comply with relevant financial operation procedures on the overall financial risk management and segregation of duties at all times.

The nature and degree of significant financial risks

(1) Market risks

A. Foreign exchange rate risk:

(A) The Group is exposed to exchange rate risk arising from the sales, purchases and borrowings in currencies other than the Group's functional currency, as well as from net investment of foreign operations. Functional currency the Group is New Taiwan Dollars, such transactions are denominated mainly in USD and EUR. To avoid a decrease in the value of assets dominated in foreign currency and volatility in future cash flows due to changes in exchange rates, the Group hedges the exchange rate risk with foreign-currency borrowings. Those financial instruments can diminish but not completely eliminate the impacts of changes in exchange rate. As net investments in foreign operations are for strategic purposes, they are not hedged by the Group.

(B) Exchange rate exposure and sensitivity analysis:

			December 31, 2020			
			Presented amount (New Taiwan Dollars)	Sensitivity Analysis		
	Amount in Foreign Currency	Exchange rate		Range of change	Effects on profit or loss	Effects on Equity
(Foreign currency: Functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
EUR:NTD	\$154	35.02	\$5,392	Up 1%	54	-
USD:NTD	1,508	28.48	42,957	Up 1%	430	-
<u>Non-monetary items</u>						
USD:NTD	3,221	28.48	91,738	Up 1%	-	917
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	3,416	28.48	97,282	Up 1%	(973)	-

			December 31, 2019			
			Presented amount (New Taiwan Dollars)	Sensitivity Analysis		
	Amount in Foreign Currency	Exchange rate		Range of change	Effects on profit or loss	Effects on Equity
(Foreign currency: Functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
EUR:NTD	\$409	33.59	\$13,745	Up 1%	137	-
USD:NTD	455	29.98	13,645	Up 1%	136	-
<u>Non-monetary items</u>						
USD:NTD	3,073	29.98	92,117	Up 1%	-	921

If NTD appreciates against the above-mentioned currencies, held all other variables constant, the impact generated as of December 31, 2020 and 2019 would stay the same with the reverse result.

- (C) Due to the exchange rate volatility, total exchange gains and losses (including realized and unrealized) from the Group's monetary items amounted to \$4,238 thousand and (\$569) thousand for the years ended December 31, 2020 and 2019, respectively.

B. Price risk

Since the Group's investment in securities is classified as financial assets at FVTPL or financial assets at FVTOCI on the Consolidated balance sheet, the Group does not expose to price risks of securities.

The Group mainly invests in domestic listed and unlisted stocks and beneficiary certificates. The price of such securities can be affected by changes in future value of those investment targets.

If the security price goes up or down by 1%, the post-tax profit or loss for the year 2020 and 2019 will increase or decrease by \$1,255 thousand and \$1,320 thousand due to the increase or decrease of the fair value of financial assets measured at FVTPL. The post-tax other comprehensive income for the year 2020 and 2019 will increase or decrease by \$45 thousand and \$55 thousand due to the increase or decrease of the fair value of financial assets measured at FVTOCI.

C. Interest rate risk

The carrying amount of the Group's financial assets and financial liabilities that are exposed to interest rate risk at the reporting date is stated as follows:

Item	Carrying Amount	
	December 31, 2020	December 31, 2019
With fair value interest rate risk		
Financial assets	\$218,115	\$217,017
Financial liabilities	(219,854)	(218,747)
Net	(\$1,739)	(\$1,730)
With cash flow interest rate risk		
Financial assets	\$246,710	\$633,940
Financial liabilities	(5,038,225)	(16,175,716)
Net	(\$4,791,515)	(\$15,541,776)

(A) Sensitivity analysis of those with fair value interest rate risk:

The Group classifies its investment in preferred stocks with fixed income as financial assets measured at FVTPL. Fair value of such preferred stock investment changes in line with the interest rate changes in the market. If the market interest rate goes up 1% and other variables are held constant, the profit or loss for the year 2020 and 2019 will decrease by \$415 thousand and \$1,513 thousand, respectively.

(B) Sensitivity analysis of those with cash flow interest rate risk:

The interest-fluctuate instruments possessed by the Group were floating-interest assets (liabilities). Therefore, the effective interest rate, as well as the future cash flows, changes along with the market movement. Every one percent reduce (increase) in the market interest will increase (decrease) the net profit by \$47,915 thousand and \$155,418 thousand for the years 2020 and 2019, respectively.

(2) Credit risk

Credit risk refers to the risk of financial loss to the Group arising from default by counter-parties of financial instruments on the contract obligations. Credit risk of the Group mainly comes from receivables under operating activities and bank deposits and other financial instruments under investing activities. Credit risks related to operation and finance risks are managed separately.

Credit risk related to operations

To maintain the quality of accounts receivable, the Group has established the procedures for credit risk management with regards to its operations.

Risk assessment on individual customer includes factors that could affect the customer's ability to pay, such as the customer's financial status, the Group's internal credit ratings, historical transactions and current economic conditions.

Financial credit risk

The credit risks of bank deposits and other Financial instruments are measured and monitored by the Group's financial departments. The Group does not expect significant credit risk because the counterparties are creditworthy and investment-graded financial institutions, companies and government agencies without any significant default concerns. In addition, the Group does not have any debt instrument investments that are either measured at amortized cost, or at FVTOCI.

A. Credit concentration risk

As of December 31, 2020 and 2019, the top ten clients accounted for 79% and 87% of the Group's accounts receivable, indicating a credit concentration risk. However, no significant credit concentration risk was shown from the remaining accounts receivables.

B. Measurement of expected credit impairment loss

(a)Accounts receivables applies the simplified approach. Please refer to Note 6.3 for details.

(b)Collaterals and other credit enhancement held to avoid credit risks from financial assets

The following table shows the maximum exposure to credit risk regarding financial assets recognized in the consolidated balance sheets, pledged collateral, master netting arrangements and other credit enhancement held by the Group:

December 31, 2020	Carrying Amount	Decreased amount of maximum exposure to credit risks			
		Collateral	Net Settlement Agreement	Other Credit Enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS9 are applicable	\$ -	\$ -	\$ -	\$ -	\$ -
Financial instruments to which the impairment requirements of IFRS 9 are not applicable :					
Financial assets at fair value through profit and loss	125,475	-	-	-	-
Financial assets measured at FVTOCI	4,494	-	-	-	-
Total	<u>\$129,969</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2019	Carrying Amount	Decreased amount of maximum exposure to credit risks			
		Collateral	Net Settlement Agreement	Other Credit Enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS9 are applicable	\$ -	\$ -	\$ -	\$ -	\$ -
Financial instruments to which the impairment requirements of IFRS 9 are not applicable :					
Financial assets at fair value through profit and loss	132,025	-	-	-	-
Financial assets measured at FVTOCI	5,481	-	-	-	-
Total	<u>\$137,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(3) Liquidity risk

A. Liquidity risk management

The Group's objective in managing liquidity risk is to maintain a sufficient level of cash and cash equivalents, highly-liquid marketable securities and credit lines with banks for daily operations in order to ensure the financial flexibility of the Group.

B. Analysis of maturity of financial liabilities

The table below shows an analysis of the financial liabilities held by the Group with defined repayment terms based on maturity dates and undiscounted payment at maturity:

December 31, 2020

Non-derivative financial Liabilities	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	Carrying amount
Short-term loans	\$ 2,226,188	\$ -	\$ -	\$ -	\$ -	\$ 2,226,188	\$ 2,226,188
Short-term notes and bills payable	220,000	-	-	-	-	220,000	219,854
Notes payable	58,751	-	-	-	-	58,751	58,751
Accounts payable	1,462	-	-	-	-	1,462	1,462
Other payables	117,590	-	-	-	-	117,590	117,590
Long-term loans (including current portion)	115,000	115,000	431,250	2,156,250	-	2,817,500	2,812,037
2Subtotal	\$2,738,991	\$115,000	\$431,250	2,156,250	\$ -	\$5,441,491	\$5,435,882

December 31, 2019

Non-derivative financial Liabilities	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	Carrying amount
Short-term loans	\$1,976,537	\$ -	\$ -	\$ -	\$ -	\$1,976,537	\$1,976,537
Short-term notes and bills payable	220,000	-	-	-	-	220,000	218,747
Notes payable	84,502	-	-	-	-	84,502	84,502
Accounts payable	23,013	-	-	-	-	23,013	23,013
Other payables	637,153	-	-	-	-	637,153	637,153
Long-term loans (including current portion)	28,750	28,750	3,615,000	4,730,000	5,840,700	14,244,000	14,199,179
Guarantee deposits Received	3,011	-	-	-	-	3,011	3,011
Subtotal	\$2,972,966	\$28,750	\$3,615,000	\$4,730,000	\$5,840,700	\$17,188,216	\$17,142,142

The Group does not expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

2. Types of Financial instruments

	December 31	
	2020	2019
Financial assets		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$208,795	\$458,375
Notes receivables and accounts receivables (including related parties)	193,100	71,151
Other receivables(including related parties)	83,058	18,876
Other financial assets - current	333,902	555,308
Refundable deposits	453	21,838
Other financial assets – noncurrent	-	74,539
Financial assets at fair value through profit or loss – current	125,475	84,451
Financial assets at fair value through profit or loss – noncurrent	-	47,574
Financial assets at fair value through other comprehensive income or loss - noncurrent	4,494	5,481
Financial liabilities		
Financial liabilities measured at amortized costs		
Short-term loans	2,226,188	1,976,537
Short-term notes and bills payable	219,854	218,747
Notes receivables and accounts payable (including related parties)	60,213	107,515
Other payables (including related parties)	117,590	637,153
Long-term loans (including current portion)	2,812,037	14,199,179
Guarantee deposits Received	-	3,011

(3) Fair Value Information:

1. For information on fair value of financial assets and financial liabilities not measured at fair value, please refer to Note 12(3)3. For fair value of investment property measured at cost, please refer to Note 6.10. For fair value of investments in associates with quoted prices in an open market, please refer to Note 6.8.

2. Definition of the three levels in fair value:

Level 1:

Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's beneficiary certificate with quoted market prices is included in Level 1.

Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market and preferred stock investment is included in Level 3.

3. Financial instruments not measured at fair value

Management of the Group thinks that the carrying amount of financial instruments not measured at fair value except those listed in the table below, including cash and cash equivalents, notes receivables, accounts receivables, other financial assets, refundable deposits, short term loans, short-term bills payable, accounts payable, and long-term loans (including current portion), is the reasonable approximation of their fair value.

4. Fair value hierarchy:

The fair value hierarchy of financial instrument is measured at fair value on a recurring basis. Information about the Group's fair value hierarchy is disclosed in the following table:

Item	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets at fair value through profit or loss				
Funds	\$12,645	\$ -	\$ -	\$12,645
Domestic unlisted preferred stocks	-	-	112,830	112,830
Financial assets measured at FVTOCI				
Equity securities	-	-	4,494	4,494
Domestic unlisted stocks				
Total	<u>\$12,645</u>	<u>\$ -</u>	<u>\$117,324</u>	<u>\$129,969</u>
Item	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets at fair value through profit or loss				
Funds	\$20,308	\$ -	\$ -	\$20,308
Domestic unlisted preferred stocks	-	-	111,717	111,717
Financial assets measured at FVTOCI				
Equity securities				
Domestic unlisted stocks	-	-	5,481	5,481
Total	<u>\$20,308</u>	<u>\$ -</u>	<u>\$117,198</u>	<u>\$137,506</u>

5. Fair value valuation technique for instruments measured at fair value:

(1) The fair value of financial instruments with quoted prices in active markets is the quoted market prices. Market prices published by major trading centers and exchanges for on-the-run government bonds are the basis for the fair value of listed equity instruments and debt instruments with quoted prices in active markets. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If one of the conditions fails, the market is not deemed active. In general, indications of an inactive market include a wide bid-ask spread, a significant increase in the bid-ask spread and low level of trading volume. The fair value of financial instruments with active markets held by the Group are stated by their natures and types as follows:

a. Open-end funds: Net asset value.

(2) Except for financial assets with an active market, the fair value of other financial assets is obtained either based on the valuation technique or by reference to the quotes from counter-parties. Fair value can be obtained by using a valuation technique that refers to the fair value of financial instruments having substantially the same terms and characteristics, the discounted cash flow method, or other valuation technique e.g. the one that applies market information available on the balance sheet date to a pricing model for calculation.

The fair value of the Group's holding of unlisted stocks for which no active market exists is estimated by using the market approach, which refers to the valuation of similar entities, quoted prices from a third party, the net worth of an entity and the operating performance. In addition, the significant unobservable inputs mainly comprise liquidity discount, in which the possible changes would not result in a potentially material financial effect. Therefore, the Group does not disclose the quantitative information.

6. Transfers between Level 1 and Level 2 fair value hierarchy: None.

7. Statement of changes in Level 3 fair value hierarchy:

Item	Investment in unquoted financial instruments
January 1, 2020	\$117,198
Withdrawal of special shares	-
Recognized in profit and loss	1,113
Recognized in other comprehensive income	(987)
December 31, 2020	<u>\$117,324</u>

Item	Investment in unquoted financial instruments
January 1, 2019	\$214,509
Withdrawal of special shares	(95,070)
Recognized in profit and loss	(2,714)
Recognized in other comprehensive income	473
December 31, 2019	<u>\$117,198</u>

8. Valuation process for Level 3 fair value measurement:

Valuation process regarding fair value Level 3 is conducted by the Group's finance department, by which the independence of fair value of financial instruments is verified through use of independent data source in order to make the valuation results close to market conditions. Such valuation results are regularly reviewed so as to ensure their reasonableness.

(4) Transfer of financial assets:

1. Transferred financial assets fully derecognized:

The Group was in contract with Chang Hwa Commercial Bank, Ltd. for accounts receivable factoring. According to the contract, the Group does not have to bear the risk of default over the transferred accounts receivables but only the loss from trade disputes. As the Group did not have any continued participation over those transferred accounts receivables, they were derecognized from the accounts. Information on outstanding receivables is as follows:

December 31, 2020:

Counter-party	Factoring Amount	Amount Collected in Cash	Advance Amount - End of the Period	Annual Interest Rate for the Advance Amount	Line of Credit
Chang Hwa Commercial Bank	\$ -	\$ -	\$ -	-	EUR 3,200

December 31, 2019:

Counter-party	Factoring Amount	Amount Collected in Cash	Advance Amount - End of the Period	Annual Interest Rate for the Advance Amount	Line of Credit
Chang Hwa Commercial Bank	\$27,884 (EUR 829)	\$ -	\$25,096 (EUR 746)	1.16464%	EUR 3,200

2. Transferred financial assets not fully derecognized: None

(5) Offsetting financial assets and financial liabilities: None.

13.SUPPLEMENTARY DISCLOSURES

A. Significant transactions information (Before write-off for consolidated)

- (a) Loans to others: None;
- (b) Endorsements and guarantees provided to others: Please see Table 1 attached;
- (c) Marketable securities held (excluding investments in subsidiaries and associates) at the end of the period: Please see Table 2 attached;
- (d) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
- (e) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None
- (f) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None;
- (g) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Please see Table 3 attached;
- (h) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;

- (i) Information about the derivative financial instruments transaction: None;
 - (j) The business relationship between the parent and the subsidiaries and significant transactions between them: None
- B. Information on investees: Please see Table 4 attached.
- C. Information on investment in mainland China: None.
- D. Information on major shareholder: Please see Table 5 attached.

TABLE 1

YIEH HSING ENTERPRISE CO., LTD.
Endorsements and Guarantees Provided to Others
December 31, 2020

Unit: Thousands of NT Dollar/ Foreign Currency

No.	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsement/ guarantees provided for a single party (Note 2)	Maximum balance for the period	Ending balance	Amount actually drawn	Amount of endorsement/ guarantees collateralized by properties	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statement	Maximum endorsement/ guarantee allowable	Guarantee provided by parent company to subsidiary	Guarantee provided by a subsidiary to parent company	Guarantee provided to subsidiaries in Mainland China
		Company name	Relationship with the endorser/ guarantor (Note 1)										
1	Kings Garden International Co., Ltd. (Note 3)	Great Emperor Hotel Co., Ltd.	5	26,484,254	7,186,000	7,186,000	5,780,000	7,186,000	189.93%	26,484,254	—	—	—
2	Great Emperor Hotel Co., Ltd. (Note 4)	Kings garden International Co., Ltd.	5	27,149,572	7,413,000	7,413,000	6,538,000	7,413,000	191.13%	27,149,572	—	—	—

(Note 1): The following code represents the relationship with the Company:

1. Trading partner.
2. Majority owned subsidiary.
3. The Company direct and indirect owns over 50% ownership of the investee company.
4. A subsidiary jointly owned over 50% by the Company.
5. Guaranteed by the Company according to the construction contract.
6. An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.
7. Joint and several guaranteed by the Company according to the pre-construction contract under Consumer Protection Act.

(Note 2): The maximum amount of endorsement/guarantee provided by subsidiary company shall not exceed 7 times of net worth.

(Note 3): The maximum amount of endorsement/guarantee provided by subsidiary company shall not exceed 7 times of net worth.

(Note 4): The above details were the transactions before the company lost the control to Kings Garden International Co., Ltd. and Great Emperor Hotel Co., Ltd.

TABLE 2

YIEH HSING ENTERPRISE CO., LTD.
Marketable securities held at the end of the period
December 31, 2020

Unit: Thousands of NT Dollar/ Foreign Currency

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2019				Note
				Shares (in thousands)	Carrying value	Ownership (%)	Fair value	
Yieh Hsing Enterprise Co., Ltd	Fund/ SinoPac CSI 300 Dividend Index Fund	None	Financial assets at fair value through profit or loss - current	221	4,686	—	4,686	
	Fund/ Allianz US Low Average Duration High Yield Fund USD	None	Financial assets at fair value through profit or loss - current	200	1,979	—	1,979	
	Fund/ Bond Fund - Emerging Asian Markets Bonds 2026	None	Financial assets at fair value through profit or loss - current	10	2,919	—	2,919	
	Fund/ Franklin Templeton SinoAm AI Hi-Tech Fund	None	Financial assets at fair value through profit or loss - current	200	2,070	—	2,070	
	Fund/ Amundi TW - Emerging Markets High Yield Bond Fund	None	Financial assets at fair value through profit or loss - current	100	991	—	991	
	Preferred stock/Eliter International Corp.- Preferred stock D	An investee accounted for using equity method	Financial assets at fair value through profit or loss - current	5,934	64,678	—	64,678	
	Preferred stock/Eliter International Corp.- Preferred stock E	An investee accounted for using equity method	Financial assets at fair value through profit or loss - noncurrent	4,450	48,152	—	48,152	
	Total			11,115	125,475	—	125,475	
	Pacific Harbor Stevedoring Corporation	Director of the entity is the Company's chairman	Financial assets at fair value through other comprehensive income - noncurrent	150	4,494	3.00%	4,494	

TABLE 3

YIEH HSING ENTERPRISE CO., LTD.
Purchases from or Sales to Related Parties of at Least NT\$100 Million or 20% of the Paid-in Capital
For The Year Ended December 31, 2020

Unit: Thousands of NT Dollars/Foreign Currency

Purchase r/ seller	Counterpa rty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Note
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Yieh Hsing Enterprise Co., Ltd.	Yieh United Steel Corporation	An investee accounted for using equity method	Purchases	3,506,331	75.27%	T/T or Sight L/C before goods acceptance.	—	—	—	—	—

TABLE 4

YIEH HSING ENTERPRISE CO., LTD.
Information on Investees (Excluding Information on Investment in Mainland China)
For The Year Ended December 31, 2020

Unit: Thousands of NT Dollar/ Foreign Currency

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the period-end			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2020	December 31, 2019	Shares (in thousands)	Percentage of Ownership	Carrying Value			
Yieh Hsing Enterprise Co., Ltd.	Great Emperor Hotel Co., Ltd.	Kaohsiung City	Hotel industry	2,099,500	2,099,500	209,950	45.44%	2,076,113	(42,689)	(22,079)	(Note 2)
	Kings Garden International Co., Ltd.	Kaohsiung City	Leasing, sales, and development of residential and commercial buildings, department stores	2,119,500	2,119,500	211,950	49.87%	2,077,673	(37,389)	(18,690)	(Note 2)
	United Winner Metals L.P	Virginia, US	Scrap steel recycling	107,334	107,474	—	33.75%	91,738	13,269	4,479	—
	Cheng Shin Security Co., Ltd.	Kaohsiung City	Security	4,000	4,000	400	10%	2,742	(8,943)	(895)	—
	Eliter International Corp.	Kaohsiung City	Construction of buildings	639,772	639,772	64,043	7.42%	598,851	(66,028)	(4,897)	—
	E-Da Development Corp.	Kaohsiung City	Leisure development	437,915	437,915	43,791	5.94%	234,844	(322,389)	(19,156)	—
	Yieh United Steel Corporation	Kaohsiung City	Steel products related business	20,204	20,204	2,542	0.1%	9,887	(1,877,471)	(1,650)	(Note 1)
	E-Da Health Biotechnology Co., Ltd.	Kaohsiung City	Manufacturer of food additives	3,800	3,800	380	19%	3,691	(68)	(13)	—
	Total			5,432,025	5,432,165			5,095,539	(2,341,708)	(62,901)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the period-end			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2020	December 31, 2019	Shares (in thousands)	Percentage of Ownership	Carrying Value			
Kings Garden International Co., Ltd.	Yi Hua International Co., Ltd.	Kaohsiung City	Leasing, selling and development of residential and commercial buildings	7,000	7,000	1,169	70%	16,100	5,502	—	(Note 3)
	Hua Li International Co., Ltd.	Kaohsiung City	Daily necessities, cosmetics wholesaler	60,000	—	6,000	100%	46,402	(12,783)	—	(Note 3)
	Total			67,000	7,000			62,502	(7,281)	—	
Great Emperor Hotel Co., Ltd.	Yi Mau Development Co, Ltd.	Kaohsiung City	Department stores, amusement park, and hotel industry	27,520	—	2,752	12.80%	27,494	(204)	(26)	(Note 4)

(Note 1): Due to cross ownership and the adoption of equity method between Yieh Phui Enterprise Co., Ltd. and Yieh United Steel Corporation, investment gain/loss is accounted for using the treasury stock approach. Thus, the income/loss of investee for the period excludes gain/loss accounted for using equity method by Yieh United Steel Corporation in relation to the Company.

(Note 2): The internal gains between Great Emperor Hotel Co., Ltd. and Kings Garden International Co., Ltd. are eliminated under the consolidation basis. And recognized investment loss of \$7,273 thousand and \$16,004 thousand after losing control.

(Note 3): Cause of losing the control to Kings Garden International Co., Ltd, the Company has no control to Yi Hua International Co., Ltd, and Hua Li International Co., Ltd. simultaneously.

(Note 4): Cause of losing the control to Great Emperor Hotel Co., Ltd., the Company has no control to Yi Mau Development Co, Ltd. simultaneously, and recognized investment loss of \$19 thousand before losing control.

(Note 5): Transactions between the aforesaid subsidiaries and the parent company are eliminated.

TABLE 5

YIEH HSING ENTERPRISE CO., LTD.
Information on Major Stockholder (Excluding Information on Investment in Mainland China)
December 31, 2020

Name	Number of stockhold	Rate of stockhold
Yieh Phui Enterprise Co., Ltd.	304,654,650	57.41%
Yieh United Steel Corp.	85,717,552	16.15%

Note: The information of major shareholders is based on Taiwan Depository & Clearing Corporation, that calculates the shareholders hold more than 5% of the company's common shares and special shares which have completed but unregistered (including treasury shares) on the last work day of each quarter. And there may be differences due to calculation bases between the share capital recorded in the financial report and the company's actual shares of which delivered without physical registration.

14. SEGMENT INFORMATION

(1) General Information:

The Company operates in a single industry, mainly engaged in the processing and manufacturing of stainless steel, carbon steel, special steel, etc., and the terminal application of their products are similar. The operating decision-makers based on the Company's performance evaluation and resource allocation, and identified that the Company has only a single reporting department. However, the subsidiary was established in November, 2011, and during the venture period, there was no operating income and expenses from operating activities. Thus, it did not meet the standards for information disclosure by operating departments. And the Group lost the control to subsidiaries – Kings garden International Co., Ltd. and Great Emperor Hotel Co., Ltd. in the first and fourth quarter of 2020.

(2) Measurement of Segment Information:

The Company's decision-maker evaluates the performance of the operating based on income (loss) before income tax.

(3) Information on product and service:

The Company is a single industry sector, please refer Note 1 for information.

(4) Geographical information:

A. Revenue from external customers (classified on the basis of the country where the customer is located):

Country	Year Ended December 31	
	2020	2019
Taiwan	\$4,372,320	\$4,988,584
America	509,470	511,656
Thailand	242,470	237,656
China	21,941	89,072
Italy	80,328	207,992
Korea	101,502	110,358
Indonesia	97,003	121,130
Other	164,297	286,356
Total	<u>\$5,589,791</u>	<u>\$6,552,804</u>

B. Noncurrent assets:

Country	Year Ended December 31	
	2020	2019
Taiwan	<u>\$10,320,893</u>	<u>\$19,985,711</u>

(5)Information on major client:

Year Ended December 31, 2020		
Client	Amount	Percentage of net sales
A	\$834,827	14.93%

Year Ended December 31, 2019		
Client	Amount	Percentage of net sales
A	\$834,808	12.74%

Independent Auditors' Report

To the Board of Directors and Shareholders
Yieh Hsing Enterprise Co., Ltd.

Opinion

We have audited the accompanying standalone balance sheets of Yieh Hsing Enterprise Co., Ltd. (the "Company") as of December 31, 2020 and 2019, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2020 and 2019, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the standalone financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's standalone financial statements for the year ended December 31, 2020 are stated as follows:

Revenue recognition

Please refer to Note 4.17 to the standalone financial statements for the accounting policy on revenue recognition; Note 5.1.(1) for major accounting estimates and assumptions of revenue recognition; and Note 6.19 for the details of revenue recognition.

Description of key audit matter

Cause the company engages mainly in the manufacturing and selling of wire rods and steel processed, operating revenue is one of the major item in the financial report and becomes to the concerns for users of financial statements. Therefore, we determined the revenue recognition as a key audit matter.

How the matter was addressed in our audit

Our key audit procedures included analyzing the industry trends, income types, product lines, and customers' two-year operating income status to confirm whether there are abnormal circumstances or centralized transactions and identify possible risks; understanding and testing the internal control procedure to assess the effectiveness of the relevant internal control for revenue recognition; conducting a sample test on the sales transactions of the top ten new customers to confirm the authenticity of the sales transaction and executing sales cutoff test.

Valuation of inventory

Please refer to Note 4.7 to the standalone financial statements for the accounting policy on inventories; Note 5.2.(4) for major accounting estimates and assumptions of inventories; and Note 6.4 for inventory valuation.

Description of key audit matter

The Company's inventory amounted to \$1,351,327 thousand (net of \$1,356,465 thousand of total inventory less \$5,138 thousand of allowance for inventory valuation loss) as of December 31, 2020, which accounted for 10.44% of total assets. The inventory valuation is measured at the lower of inventory cost and net realizable value. Given that the valuation of net realizable value of inventory has a significant impact on critical judgements and estimates and since inventory valuation is dependent on the influence of frequently volatile fluctuations of international metal price, we have thus included this item in the key audit matters.

How the matter was addressed in our audit:

Our key audit procedures included obtaining management's assessment data which determines the lower of inventory cost and net realizable value; sampling estimated selling prices to the most recent sales records; and assessing the appropriateness of management's basis for estimating the net realizable value.

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

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the standalone financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards 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 standalone financial statements.

As part of an audit in accordance with the 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 standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in Our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Jen Yao Hsieh and Shu Man Tsai.

Crowe (TW) CPAs
Kaohsiung, Taiwan
Republic of China
March 24, 2021

Notice to Readers

The accompanying financial statements are intended only to present the 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 standalone financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and standalone financial statements shall prevail.

YIEH HSING ENTERPRISE CO., LTD.
STANDALONE BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

Assets	Note	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	\$208,795	2	\$246,453	3
Financial assets at fair value through profit or loss - current	6(2)	125,475	1	81,465	1
Accounts receivable, net	6(3)	193,100	1	71,151	1
Other receivables		10,363	-	14,196	-
Other receivables - related parties	7	72,695	1	-	-
Current tax assets		8	-	15	-
Inventories	6(4)	1,351,327	10	1,568,026	17
Prepayments		162,096	1	41,688	-
Other financial assets - current	8	333,902	3	329,840	4
Total Current Assets		2,457,761	19	2,352,834	26
NONCURRENT ASSETS					
Financial assets at fair value through profit or loss - noncurrent	6(2)	-	-	47,574	1
Financial assets at fair value through other comprehensive income or loss - noncurrent	6(5)	4,494	-	5,481	-
Investments accounted for using equity method	6(6)	5,095,539	40	965,285	11
Property, plant and equipment	6(7)	5,091,130	39	5,378,094	59
Investment properties	6(8)	134,224	1	134,224	1
Deferred tax assets	6(24)	144,839	1	147,149	2
Refundable deposits		453	-	453	-
Net defined benefit assets - noncurrent	6(14)	10,777	-	-	-
Total Noncurrent Assets		10,481,456	81	6,678,260	74
TOTAL ASSETS		\$12,939,217	100	\$9,031,094	100
Liabilities and Equity					
CURRENT LIABILITIES					
Short-term loans	6(9)	\$2,226,188	18	\$1,976,537	23
Short-term notes and bills payable	6(10)	219,854	2	218,747	2
Contract liabilities - current	6(19)	64,123	-	29,627	-
Notes payable		58,751	-	84,336	1
Accounts payable		1,462	-	1,513	-
Accounts payable - related parties	7	-	-	20,524	-
Other payables	6(11)	117,590	1	116,612	1
Provisions - current	6(12)	12,375	-	12,064	-
Advance receipts		72	-	450	-
Current portion of long-term loans	6(13)	229,554	2	57,356	1
Total Noncurrent Liabilities		2,929,969	23	2,517,766	28

Liabilities and Equity	Note	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
NONCURRENT LIABILITIES					
Long-term loans	6(13)	\$2,582,483	20	\$2,810,456	31
Deferred tax liabilities	6(24)	2,204	-	-	-
Net defined benefit liability - noncurrent	6(14)	-	-	4,124	-
Other noncurrent liability - others	6(6)	-	-	958,926	11
Total Noncurrent Liabilities		2,584,687	20	3,773,506	42
TOTAL LIABILITIES		5,514,656	43	6,291,272	70
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share	6(15)				
Common stock		5,306,516	40	5,306,516	59
Capital surplus	6(16)	5,286,080	41	132,599	1
Retained earnings	6(17)				
Accumulated deficits		(3,164,448)	(24)	(2,697,943)	(30)
Other equity	6(18)	(3,587)	-	(1,350)	-
Total Equity		7,424,561	57	2,739,822	30
TOTAL LIABILITIES AND EQUITY		\$12,939,217	100	\$9,031,094	100

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

YIEH HSING ENTERPRISE CO., LTD.
STANDALONE STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Note	Year Ended December 31			
		2020		2019	
		Amount	%	Amount	%
OPERATING REVENUE	6(19)	\$5,589,791	100	\$6,535,275	100
OPERATING COST	6(4)	(5,753,100)	(102)	(6,787,922)	(104)
GROSS PROFIT		(163,309)	(2)	(252,647)	(4)
OPERATING EXPENSES					
Selling and marketing expenses		(80,633)	(2)	(93,007)	(1)
General and administrative expenses		(77,896)	(1)	(103,637)	(2)
Total operating expenses		(158,529)	(3)	(196,644)	(3)
INCOME (LOSS) FROM OPERATIONS		(321,838)	(5)	(449,291)	(7)
NON-OPERATING INCOME AND EXPENSES					
Interest income		207	-	423	
Other income	6(21)	42,687	1	2,724	-
Other gains and losses	6(22)	7,462	-	(1,757)	-
Finance costs	6(23)	(132,092)	(3)	(132,325)	(2)
Share of loss of subsidiaries, associates and joint ventures		(62,901)	(1)	(47,247)	(1)
Total non-operating income and expenses		(144,637)	(3)	(178,182)	(3)
INCOME (LOSS) BEFORE INCOME TAX		(466,475)	(8)	(627,473)	(10)
INCOME TAX EXPENSE	6(24)	(3,615)	-	(14,714)	-
NET INCOME (LOSS)		(470,090)	(8)	(642,187)	(10)
OTHER COMPREHENSIVE INCOME (LOSS)	6(25)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans		4,494	-	27,611	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive Income		(987)	-	473	-
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		3,817	-	(1,350)	-
Income tax expense related to items that will not be reclassified subsequently to profit or loss		(899)	-	(5,523)	-
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		(5,077)	-	(2,461)	-
Total other comprehensive income (loss), net of income tax		1,348	-	18,750	-
TOTAL COMPREHENSIVE INCOME (LOSS)		(\$468,742)	(8)	(\$623,437)	(10)
EARNINGS PER SHARE					
Basic earnings (loss) per share	6(26)	(\$0.89)		(\$1.21)	

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

YIEH HSING ENTERPRISE CO., LTD.
STANDALONE STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

Item	Retained Earnings				Other Equity Item			
	Common Stock	Capital Surplus	Legal Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (loss) on Hedging instruments	Total Equity
BALANCE AT JANUARY 1, 2019	\$5,306,516	\$110,252	\$ -	(\$2,077,842)	\$296	\$1,707	\$4	\$3,340,933
Net loss for 2019	-	-	-	(642,187)	-	-	-	(642,187)
Other comprehensive income (loss) for 2019, net of income tax	-	-	-	22,107	(2,461)	(896)	-	18,750
Total comprehensive income (loss) for 2019	-	-	-	(620,080)	(2,461)	(896)	-	(623,437)
Changes in associates and joint ventures using the equity method	-	-	-	(21)	-	-	-	(21)
Changes in ownership interests in subsidiaries	-	22,347	-	-	-	-	-	22,347
BALANCE AT DECEMBER 31, 2019	5,306,516	132,599	-	(2,697,943)	(2,165)	811	4	2,739,822
Net loss for 2020	-	-	-	(470,090)	-	-	-	(470,090)
Other comprehensive income (loss) for 2020, net of income tax	-	-	-	3,585	(5,077)	2,840	-	1,348
Total comprehensive income (loss) for 2020	-	-	-	(466,505)	(5,077)	2,840	-	(468,742)
Changes in associates and joint ventures using the equity method	-	15,621	-	-	-	-	-	15,621
Disposal of investments/subsidiaries for using the equity method	-	5,129,745	-	-	-	-	-	5,129,745
Changes in ownership interests in subsidiaries	-	8,115	-	-	-	-	-	8,115
BALANCE AT DECEMBER 31, 2020	\$5,306,516	\$5,286,080	\$ -	(\$3,164,448)	(\$7,242)	\$3,651	\$4	\$7,424,561

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

YIEH HSING ENTERPRISE CO., LTD.
STANDALONE STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

Item	Year Ended December 31	
	2020	2019
1.CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	(\$466,475)	(\$627,473)
Adjustments to reconcile profit and loss:		
Depreciation	304,644	330,156
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(1,796)	1,254
Interest expense	132,092	132,325
Interest income	(207)	(423)
Dividend income	(375)	(645)
Share of loss of associates, subsidiaries and joint ventures	62,901	47,247
Loss on disposal and retirement of property, plant and equipment	198	615
Gain on disposal of investments	(1,633)	(686)
Total adjustments to reconcile profit and loss	495,824	509,843
Changes in operating assets and liabilities		
Net changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss	10,035	(656)
Decrease (increase) in notes receivable	-	6
Decrease (increase) in accounts receivables	(121,949)	173,482
Decrease (increase) in other receivables	(71,904)	21,828
Decrease (increase) in inventories	216,699	226,335
Decrease (increase) in prepayments	(120,420)	(19,731)
Decrease (increase) in other operating assets	(10,407)	-
Total net changes in operating assets	(97,946)	401,264
Net changes in operating liabilities:		
Increase (decrease) in contract liabilities	34,496	5,696
Increase (decrease) in notes payable	(25,585)	(20,535)
Increase (decrease) in accounts payable	(20,575)	(85,297)
Increase (decrease) in other payables	1,825	(40,714)
Increase (decrease) in provisions	311	(6,507)
Increase (decrease) in advance receipts	(378)	4
Increase (decrease) in net defined benefit liability	-	(43,697)

Item	Year Ended December 31	
	2020	2019
Total net changes in operating liabilities	(\$9,906)	(\$191,050)
Total net changes in operating assets and liabilities	(107,852)	210,214
Total adjustments	387,972	720,057
Cash generated from operations	(78,503)	92,584
Interest received	207	423
Dividends received	375	645
Interest paid	(130,095)	(134,718)
Income tax paid	7	10
Net cash generated from (used in) operating activities	(208,009)	(41,056)
2.CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through profit or loss	-	95,070
Acquisition of investments accounted for using equity method	-	(47,535)
Proceeds from capital reduction of investments accounted for using equity method	140	679
Acquisition of property, plant and equipment	(17,878)	(50,441)
Increase in other financial assets	(4,062)	-
Decrease in other financial assets	-	18,658
Net cash generated from (used in) investing activities	(21,800)	16,431
3.CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	249,651	-
Decrease in short-term loans	-	(612,971)
Increase in long-term loans	-	2,875,000
Repayment of long-term loans	(57,500)	(2,178,000)
Net cash generated from (used in) financing activities	192,151	84,029
4.NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(37,658)	59,404
5.CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	246,453	187,049
6.CASH AND CASH EQUIVALENTS, END OF YEAR	\$208,795	\$246,453

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

YIEH HSING ENTERPRISE CO., LTD.
NOTES TO STANDALONE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Amounts in Thousands of New Taiwan Dollars, unless specified Otherwise)

1 GENERAL INFORMATION

Yieh Hsing Enterprise Co., Ltd. (the Company) was established in July 1978, and consolidated Yieh Yih Enterprise Co., Ltd. to form a single company. The company engages mainly in the manufacturing and trading of steel pipes, steel coil processed products, wire rods, the design, manufacture, and installation of the machinery, equipment, and environmental equipment systems, and the rental and sales business of the construction builder for residences and commercial. The company was listed in Taiwan Stock Exchange (hereafter referred to as TWSE) in October 1988.

The standalone financial statements are presented in the Company's functional currency, New Taiwan Dollars.

2 THE AUTHORIZATION OF THE STANDALONE FINANCIAL STATEMENTS

The standalone financial statements were approved and authorized for issue by the Board of Directors on March 24, 2021.

3 APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

3.1 Effect of adoption of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of SIC (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC):

New standards, interpretations and amendments endorsed by the FSC effective from Year 2020 are as below:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IFRS 16 "New Coronavirus Pneumonia Related Rent Concessions"	June 1, 2020 (Note)

(Note) The FSC allows companies to apply the amendment in advance on January 1, 2020.

The Company has assessed the aforementioned standards and interpretations, and there's no significant effect to the Company's financial position and financial performance.

3.2 Effect of new issuances or amendments to IFRSs issued by IASB but not yet endorsed:

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	June 25, 2020 (Effective from issue date)
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021 (Note)

(Note) The amendments are applicable for the annual reporting period beginning on or after January 1, 2021.

The Company has evaluated the aforementioned standards and interpretations, and there’s no significant effect to the Company’s financial position and financial performance.

3.3 The IFRSs issued by IASB but not yet endorsed and issued into effect by FSC:

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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 IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment- Proceeds before Intended Use”	January 1, 2022 (Note 2)
Amendments to IAS 37 “Onerous Contract - Cost of Fulfilling a Contract”	January 1, 2022 (Note 3)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 4)
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022 (Note 5)
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023

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: Companies should apply these amendments retrospectively. However, 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 3: This amendment applies to contracts for which the entity has not yet fulfilled

all its obligations on January 1, 2022.

Note 4: This amendment applies to business combinations whose acquisition date starts in the annual reporting period after January 1, 2022.

Note 5: The amendments to IFRS 9 are applicable to swap or modification of terms of financial liabilities incurred during the annual reporting period beginning on January 1, 2022. The amendment to IAS 41 is applicable to fair value measurement during the annual reporting period beginning after January 1, 2022. The amendments to IFRS 1 are retrospectively applied to the annual reporting period beginning after January 1, 2022.

A. Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”

The amendments clarify that when the Company judges whether liability is classified as noncurrent, the Company should assess whether the Company has the right to defer liquidation period after the reporting period at least twelve months. If the Company has the entity’s right on the end of the reporting period, liability must be classified as non-current whatever the Company expects whether executing the right or not. If the Company must follow certain condition to obtain the right to defer settlement of liability, the Company must have completed certain condition on the end of reporting period even if lender tests the Company whether following certain condition later. The aforementioned liquidation means that transferring cash, other economic resources or the Company’s equity instruments to counterparty to let liability wipe out. If liability clause will follow counterparty’s choice to liquidate liability by the Company’s equity instruments, this option must follow the regulations of IAS 32 “Financial Instruments: Presentation” to be recognized in equity individually and doesn’t have effect on the classification of liability.

B. Amendment to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendment stipulates that the sales price of the project produced in order to make property, plant and equipment reach the necessary location and state that can meet the expected operation mode of the management is not suitable as a cost reduction of the asset. The aforementioned items should be measured in accordance with IAS 2 “Inventory”, and the sales price and cost should be recognized in profit and loss in accordance with the applicable standards.

This amendment is applicable to factories, property and equipment that reach the necessary locations and conditions for the management's expected operation mode after January 1, 2021 (the beginning of the earliest expression period). When the Company initially applies the amendments, it will recognize the cumulative effect of the amendments applied initially as an adjustment to the opening balance of the retained earnings (or other components of equity, as appropriate) at the beginning of the earliest expression period, and re-edit the information during the comparison period.

C. Amendment to IAS 37 “Onerous Contract - Cost of Fulfilling a Contract”

The amendment stipulates that when assessing whether the contract is onerous, “Cost of Fulfilling a Contract” should include the incremental cost of fulfilling a contract (for example, direct labor and raw materials) and the allocation of other costs directly related to fulfilling a contract (for example, the depreciation expenses of property, plant and equipment items used in fulfilling a contract are allocated).

The Company will recognize the cumulative effect on the retained earnings on the first

application date when the amendment is first applied.

D. Amendment to IFRS 3 “Reference to the Conceptual Framework”

The amendment is to update the index of the conceptual framework and add the requirement that the acquirer shall apply IFRIC 21 “Levies” to determine whether there is an obligation to pay levies on the acquisition date.

E. Annual Improvements to IFRS Standards 2018-2020

The annual improvement in the IFRS 2018-2020 includes amendments to certain standards. Among them, the amendment of IFRS 9 “Expenses included in the “10%” test for the purpose of derecognize financial liabilities” is to assess whether there is a significant difference between the swap of financial liabilities or the modification of terms, When comparing cash flow projections of the new and old contract terms (including the net amount of fees charged for signing a new contract or modifying the contract), whether there is a 10% difference, the aforesaid fees collected should only include the payment between the borrower and the lender paid for.

F. Amendments to IAS 1 “Disclosure of Accounting Policies”

This amendment is to improve the disclosure of accounting policies and provide more useful information for major users of financial statements.

G. Amendments to IAS 8 “Definition of Accounting Estimates”

This amendment defines accounting estimates as the monetary number of financial statements subject to measurement uncertainty, and provides further explanations and examples to help companies distinguish between changes in accounting policies and changes in accounting estimates.

As of the date the standalone financial statements were issued, the Company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes the evaluation.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these standalone financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

4.1 Statement of Compliance

The accompanying standalone financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4.2 Basis of Preparation

- (1) Except for the following items, the standalone financial statements have been prepared under the historical cost convention:
 - A. Financial assets and financial liabilities at fair value through profit or loss (including derivative instruments).
 - B. Financial assets and liabilities measured at fair value through other comprehensive income.
 - C. Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

- (2) The preparation of the standalone financial statements in conformity with the IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the standalone financial statements are disclosed in Note 5.
- (3) When preparing the standalone financial statements, the Company account for subsidiaries, associates and joint ventures 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 standalone financial statements, the differences of the accounting treatment between the standalone basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries, associates and joint ventures and share of other comprehensive income of subsidiaries, associates and joint ventures in the standalone financial statements.

4.3 Foreign Currencies

- (1) Foreign currency transactions and balance
 - A. Foreign currency transactions are translated into the functional currency using the exchange rates on the trade dates or measurement date. Therefore, foreign exchange differences resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
 - B. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
 - C. 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 on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on 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 in terms of historical cost in foreign currencies are not retranslated.
- (2) Translation of foreign operations
 - A. The operating results and financial position of all the Company's subsidiaries, associates and joint ventures that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - (c) All resulting exchange differences are recognized in other comprehensive income.
 - B. When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are

proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.

4.4 Classification of Current and Noncurrent Assets and Liabilities

- (1) Assets that meet one of the following criteria are classified as current assets:
 - A. Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - B. Assets held primarily for trading purposes;
 - C. Assets that are expected to be realized within 12 months after the balance sheet date;
 - D. Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.

Otherwise, they are classified as non-current assets.

- (2) Liabilities that meet one of the following criteria are classified as current liabilities:
 - A. Liabilities that are expected to be settled within the normal operating cycle;
 - B. Assets held primarily for trading purposes;
 - C. Liabilities that are expected to be settled within 12 months after the balance sheet date (Even if a long-term refinancing or re-arrangement of payment agreements is completed after the balance sheet date and before the issuance of the financial report is approved, it is classified as current liabilities);
 - D. Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after balance sheet date. 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.

Otherwise, they are classified as non-current liabilities.

4.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including the original maturity of the time deposits within three months).

4.6 Financial instruments

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

Financial assets and financial liabilities are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

(1) Financial assets

The Company adopts trade-date accounting to recognize and derecognize financial assets.

A. Category of financial assets and measurement

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

a. Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified or it is designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss (excluding relevant dividend or interest income). Fair value is determined in the manner described in Note 12(3).

b. Financial assets at amortized cost

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

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

Financial assets at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss. Except for the following two cases, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

- (a) Purchased or originated credit-impaired financial assets: for those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets: for those financial assets, the Company shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

c. 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 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, they will be transferred to retained earnings.

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

B. Impairment of financial assets

- a. At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivable and contract assets.
- b. The Company always recognizes lifetime Expected Credit Loss (i.e., ECL) for accounts receivables. For other financial assets, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equaling to 12-month ECL.
- c. Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.
- d. The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account. However, the allowance for investment in debt instruments measured at FVOCI is recognized in other comprehensive gains and losses, and the carrying amount is not reduced.

C. Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

- a. The contractual rights to receive cash flows from the financial asset expire.
- b. The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- c. The Company neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

On derecognition of financial asset at amortized cost in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received is recognized in profit or loss. On derecognition of investments in debt instruments measured at FVTOCI, the difference between the financial asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss. On derecognition of equity instruments at fair

value through other comprehensive income in its entirety, the cumulative profit and loss will be transferred directly to retained earnings without reclassified into profit and loss.

(2) Equity instruments

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

(3) Financial liabilities

A. Subsequent measurement

Financial liabilities other than those held for trading purposes and undesignated as at fair value through profit or loss are subsequently measured at amortized cost at the end of each reporting periods.

B. Derecognition of financial liabilities

When the Company derecognizes financial liabilities, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4.7 Inventories

Inventories, under a perpetual system, are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

4.8 Investments accounted for using equity method / subsidiaries and associates

- (1) Subsidiaries are all entities controlled by the Company (including structured entities). The Company controls an entity when the Company is exposed, or variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- (2) Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.
- (3) The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.
- (4) Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power

of the investee. Investments in associates are accounted for under equity method and are initially recognized at cost.

- (5) The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- (6) Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- (7) In the case where an associate issues new shares and the Company does not subscribe or proportionately acquire the new shares, which results in a change in the Company's ownership percentage of the associate while maintains significant influence on the associate, then "Capital surplus" and "Investments accounted for using under the equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- (8) When the Company disposes of its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- (9) According to "Regulations Governing the Preparation of Financial Statements by Securities Issuers", profit for the year and other comprehensive income for the year reported in the standalone financial statement, shall equal to profit for the year and other comprehensive income attributable to owners of the parent reported in the standalone financial statements, equity reported in the standalone financial statements shall equal to equity attributable to owners of parent reported in the standalone financial statements.

4.9 Property, Plant and Equipment

- (1) Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- (2) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is

derecognized. All other repair and maintenance are recognized in profit or loss as incurred.

- (3) Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of reporting year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings

Main plants	41 to 56 years
Other accessory equipment	5 to 10 years
Machinery and Transportation equipment	2 to 36 years
Other equipment	3 to 41 years
Equipment spare parts	depreciated by actual wear

- (4) An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.10 Leases

The Company assesses whether the contract is (or includes) a lease at the date of the contract. For a contract that includes a lease component and one or more additional lease or non-lease components, the Company will allocate the consideration to the lease component base on the individual price of each lease component and the aggregated individual price of the non-lease component.

(1) The Company as lessee

Except for payments for low-value asset and short-term leases which will be recognized as expenses on a straight-line basis, the Company will recognize right-of-use assets and lease liabilities for all leases at the inception of lease.

Right-of-use asset

The right-of-use asset is initially measured at cost (including the initial measurement amount of the lease liability, the payments less incentives, initial direct costs and the estimated recover cost), the subsequent measurement is based on the cost less accumulated depreciation and accumulated impairment loss, and adjusting the amount of re-measures of lease liabilities.

The right-of-use asset recognized depreciation is using the straight-line basis from the date of the lease until the expiration of the useful life or the expiration of the lease term, the depreciation is provided that the title of the underlying asset will be acquired at the end of the lease period or, if the cost of the right-of-use asset reflects the execution of the purchase option.

Lease liability

The lease liability is initially measured by the present value of the lease payment

(including fixed payment, substantive fixed payment, change in lease payment depending on the index or rate, etc.). If the implied interest rate on the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, the lessee's increase borrowing rate is used. If the lease period, the evaluation of the purchase choice, the amount of expected to be paid under the residual value guarantee or the change in the index or rate used to determine the lease payment result in a change in the future lease payment, the Company will measure the lease liability and adjust the right to use assets relatively. If the carrying amount has been reduced to zero, the remaining amount will recognize in the profit and loss. Lease liabilities are presented in a single-line project on the standalone balance sheet.

Lease payments in lease agreements that do not depend on the index or rate are recognized as expenses in the period in which they occur.

(2) 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.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of 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.

4.11 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes) and include land held for a currently undetermined future use is regarded as holding for capital appreciation.

Investment properties are initially measured at cost, including transaction costs, and subsequently measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Investment properties under construction are stated at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the assets are ready for their intended use.

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

4.12 Impairment of non-financial assets

The Company assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When the indication of impairment loss recognized in prior years for an asset other than goodwill no longer exists, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss.

4.13 Provisions

Provisions (including short-term employee benefits, and onerous contracts) are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date. The discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as interest expense. Provisions are not recognized for future operating losses.

4.14 Employee benefits

Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

Pensions

(1) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund from the plan or a reduction in future contributions to the plan.

(2) Defined benefit plans

- a. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, the net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate is determined by using the interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the defined benefit plans.
- b. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

- c. Past-service costs are recognized immediately in profit or loss.

Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the amount accrued and the amount actually distributed is accounted for a change in accounting estimate.

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Company recognizes expense when it can no longer withdraw an offer of termination benefits or when it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date are discounted to their present value.

4.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are recognized in equity as a deduction from the proceeds.

4.16 Income tax

- (1) The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- (2) The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- (3) Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

- (4) Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- (5) Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- (6) A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

4.17 Revenue Recognition

The Company recognizes revenue from contracts with customers in accordance with the principles and steps as stated below:

- (1) Identify the contract with the customer;
- (2) Identify the performance obligations in the contract;
- (3) Determine the transaction price;
- (4) Allocate the transaction price to the performance obligations in contracts; and
- (5) Recognize revenue upon satisfaction of performance obligations.

The Company does not adjust the transaction price in a contract for the effects of a significant financing component, if the period between when the customer pays for the goods or services and when the entity transfers the goods or services is one year or less.

(1) Sale of goods

Sales revenue from goods mainly comes from the sales of galvanized steel coils and painted steel coils. Sales revenue is recognized when the control of goods is passed to customers. Since customers have obtained the right to set the price and make use of the goods and assumed the responsibility for resale and risks of obsolescence, the Company recognizes revenue and accounts receivable at such time point, presented as the net amount after deducting sales returns, discounts and allowance.

When supplying materials for processing, control of the processed goods is not transferred, in which case it is not recognized as revenue.

(2) Revenue from leases, dividends and interests

- A. The rental revenue shall be recognized as revenue in the duration of the lease based on straight-line method.
- B. Dividend revenue from investments is recognized when the rights of shareholders to receive payment are established, provided that the economic profits arising from such transaction are highly probable to flow to the Company and the amount of such benefits can be reliably measured.
- C. Interest revenue is recognized based on outstanding principal and applicable

effective interest according to passage of time on an accrual basis.

4.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

To the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

Except for those qualifying capitalization, all other borrowing costs are recognized as an expense in profit or loss as incurred.

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND MAJOR SOURCES OF ASSUMPTION UNCERTAINTY

The company has considered the economic impact of the COVID-19 epidemic into the major accounting estimates, and will continue in evaluating basic assumptions and estimates. If the amendment just only affects the current period, it will be recognized in current period; and if it will affect the current period and future periods, that will be recognized in current period and future periods.

In the preparation of the standalone financial statements, the critical accounting judgments the Company has made and the major sources of estimation and assumption uncertainty are described as follows:

5.1 Critical judgements in applying accounting policies

(1) Revenue recognition

The Company follows IFRS 15 to determine if it controls the specified good or service before that good or service is transferred to the customer, and the Company is acting as a principal or an agent in that transaction. When the Company acts as an agent, revenue is recognized on a net basis.

The Company acts as a principal as that it meets one of the following situations:

- A. The Company gains control over the goods from the other party before transferring goods to customers.
- B. The Company controls the right of providing service by the other party in order to control the ability of the party to provide service to customers.
- C. The Company gain control over goods or service from the other party in order to combine with other goods or services to provide specific goods or services to customers.

The indicators (not limited to) which assist making judgment on whether the Company controls the goods or services before transferring goods or services to customers:

- A. The Company has primary responsibilities for the goods or services it provides;
- B. The Company bears inventory risk before transferring the specific goods or services to customer, or after transferring the control to customer (for example, if the customer has the right to return).
- C. The Company has the discretion to set prices.

5.2 Critical accounting estimates and assumptions

(1) **Impairment assessment of tangible and intangible assets**

In the course of impairment assessments, the Company determines, based on how assets are utilized and relevant industrial characteristics, the useful lives of assets and the future cash flows of a specific company of the assets. Changes in economic circumstances or the Company's strategy might result in material impairment of assets in the future.

(2) **Impairment assessment of investments accounted for using the equity method**

The Company assesses the impairment of an investment accounted for using the equity method once there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Company assesses the recoverable amounts of an investment accounted for using the equity method based on the present value of the Company's share of expected future cash flows of the investee or the present value of expected cash dividends receivable from the investee and expected future cash flows from disposal of the investment, analyzing the reasonableness of related assumptions.

(3) **Realizability of deferred tax assets**

Deferred assets are recognized only to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized. The Company's management assesses the realizability of deferred tax assets by making critical accounting judgements and significant estimates of expected future revenue growth rate and gross profit rate, the tax exemption period, available tax credits, and tax planning, etc. Changes in global economic environment, industrial environment, and laws and regulations might result in material adjustments to deferred tax assets.

(4) **Evaluation of inventories**

As inventories are stated at the lower of cost and net realizable value; thus, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items on balance sheet date due to the rapid technology changes and writes down inventories to the net realizable value.

(5) **Calculation of accrued pension obligations**

When calculating the present value of defined pension obligations, the Company uses judgments and actuarial assumptions to determine related estimates, including discount rates and future salary increase rate. Changes in these assumptions may have a significantly impact on the carrying amount of defined pension obligations.

(6) **Estimated impairment of financial assets**

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

(7) Process of fair value measurement and evaluation

When the assets and liabilities at fair value with no active market, the Company determines whether to use outside appraisal and using proper evaluation techniques based on related regulation or its own judgment.

If the Level 1 input value is not available while evaluating, the Company refers to the analysis of the investee's financial position and operating outcome, recent trading price, quotes on non-active market of same equity instrument, quotes on active market of similar equity instrument and evaluation multiples of comparable companies. If the future input value is different from expectation, the fair value might change. The Company updates input values quarterly according to the market status in order to monitor if the measurement of fair value is appropriate.

6. DETAILS OF SIGNIFICANT ACCOUNTS

6.1 Cash and cash equivalents

Item	December 31	
	2020	2019
Cash on hand	\$230	\$230
Checking account	190,472	222,338
Demand deposits	18,093	23,885
Total	<u>\$208,795</u>	<u>\$246,453</u>

1.The Company have good credit quality in financial institutions, and the Company's transactions with a number of financial institutions to diversify credit risk that are unlikely to be expected to default.

2.The Company had no cash and cash equivalents pledged to others.

6.2 Financial assets at fair value through profit or loss

Item	December 31	
	2020	2019
<u>Financial assets - current</u>		
Non-derivative financial assets mandatorily measured at FVTPL		
Mutual funds	\$12,645	\$17,322
Domestic unlisted preferred stock	112,830	64,143
Total	<u>\$125,475</u>	<u>\$81,465</u>
<u>Financial assets - noncurrent</u>		
Non-derivative financial assets mandatorily measured at FVTPL		
Domestic unlisted preferred stock	<u>\$ -</u>	<u>\$47,574</u>

1.The Company recognized in profit or loss is \$3,429 thousand and (\$568) thousand for the year ended December 31, 2020 and 2019.

2.The Company had no financial assets at fair value through profit or loss pledged to others.

3. Please refer to Note 12(2) for credit risk management and evaluation method.

6.3 Accounts receivable, net

Item	December 31	
	2020	2019
At amortized cost		
Accounts receivable	\$193,100	\$71,151
Less: Loss allowance	-	-
Net	\$193,100	\$71,151

- A. Account receivables are created by the Company by selling goods, and the average collection period is 7~26 days. The Company's accounts receivables all meet the credit standards stipulated based on the counterparties' industrial characteristics, operation scale and profitability.
- B. The Company provided accounts receivable as collateral for the borrowings. Please refer to Note 8 for the information.
- C. The Company had sold part of accounts receivables to the banks without recourse. Due to transferring the risks and rewards when the Company sold the accounts receivable, it was delisted from the balance sheet. Please refer to Note 12.4 for the information.
- D. Please refer to Note 7.3.3 for related party transactions.
- E. The Company applies the simplified approach to provisions for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected credit losses provision for trade receivables. The expected credit losses on trade receivables are estimated by reference to past account aging records of the debtor, an analysis of the debtor's current financial position, industrial trend, which receivables are past due. As the Company's historical credit losses experience does not show significantly different loss patterns for different customer segments, the provision for losses based on past due status of receivables is not further distinguished between 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 of the receivable. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

The Company measures the allowance for notes receivable, and accounts receivable to the preparation matrix (including related parties) :

December 31, 2020	Expected credit loss rate	Gross carrying amount	Allowance for doubtful accounts (ECL)	Amortized cost
Not past due	0%	\$193,100	\$ -	\$193,100

December 31, 2019	Expected credit loss rate	Gross carrying amount	Allowance for doubtful accounts (ECL)	Amortized cost
Not past due	0%	\$71,151	\$ -	\$71,151

As of December 31, 2020 and 2019, the above provision has already taken into consideration collateral or other credit enhancement. The other credit enhancement (e.g., L/C) possessed by above receivables were \$189,454 thousand, and \$60,450 thousand, respectively.

6.4 Inventories and operating cost

Item	December 31	
	2020	2019
Raw materials	\$694,559	\$746,814
Supplies	146,852	149,242
Work in progress	28,434	39,462
Finished goods	483,762	686,587
By-products and scraps	2,858	2,498
Subtotal	\$1,356,465	\$1,624,603
Less: Valuation allowance	(5,138)	(56,577)
Net	\$1,351,327	\$1,568,026

1. Inventory gains (losses) recognized as cost of sales are as follows:

Item	Year Ended December 31	
	2020	2019
Cost of inventories sold	\$5,561,380	\$6,367,944
Processing cost	158,262	336,470
Unallocated manufacturing overhead	84,897	50,207
Loss on inventory valuation (recovery gain)	(51,439)	40,592
Loss on irrevocable contracts (recovery gain)	-	(7,291)
Total operating cost	\$5,753,100	\$6,787,922

2. The Company recognized the inventory valuation loss (gain) of (\$51,439) thousand and \$40,592 thousand for the years ended December 31, 2020 and 2019, respectively, due to net realized value recovered as result of market stabilize, and the write-down to the net realizable value.

3. Please refer to 6.12 for loss recognition on irrevocable purchase contracts.

4. The Company had no inventory pledged as collateral.

6.5 Financial assets at fair value through other comprehensive income or loss - noncurrent

Item	December 31	
	2020	2019
Equity instruments - noncurrent		
Domestic unlisted stocks	\$1,650	\$1,650
Subtotal	\$1,650	\$1,650
Valuation adjustment	2,844	3,831
Total	\$4,494	\$5,481

1.The Company invests in domestic listed and unlisted stocks in accordance with its medium/long-term strategies and expects to make a profit through long-term investment. Management of the Company believes that it is not consistent with the afore-mentioned long-term investment planning if the short-term fair value changes of such investment are presented in profit or loss. Therefore, the Company elects to designate such investment as to be measured at FVTOCI.

2.For related credit risk management and means of assessing, please refer to Note 12(2).

6.6 Investments accounted for using equity method

Investee	December 31	
	2020	2019
Subsidiaries:		
Great Emperor Hotel Corp.	\$ -	\$1,998,156
Kings Garden International Corp.	-	2,011,379
Subtotal	\$ -	\$4,009,535
Less: offsetting unrealized gains and losses resulting from saling	-	(4,968,461)
Less: transferred to other noncurrent liabilities - others	-	958,926
Subtotal	\$ -	\$ -
Associates:		
Associates with significance:		
Great Emperor Hotel Corp.	\$2,076,113	\$ -
Kings garden International Corp.	2,077,673	-
Eliter International Corp.	598,851	602,412
E-Da Development Corp.	234,844	251,625
Associates without significance	108,058	111,248
Subtotal	\$5,095,539	\$965,285
Total	\$5,095,539	\$965,285

1. Subsidiaries:

(1) For information of the Company's subsidiaries, please refer to Note 4.3 of the Company's Year 2020 consolidated financial statements.

- (2) Investments accounted for using equity method and the Company's share of profit or loss and share of other comprehensive income are calculated based on audited financial statements,
- (3) The board of directors of Kings garden International Corp. resolved on February 24, 2020 to issued 7,000 thousand ordinary shares by cash for raise business capital. The par value of each share was \$10, and amount of increase in common stock was \$70,000 thousand. The issue price of per share was \$10.3, and amount of raising business capital was \$72,100 thousand (the capital increase record date was set on March 11, 2020). Due to the Company abandoned the cash capital increase subscription and negotiated the full subscription by parent company. Thus, the shareholding rate dropped from 50.71% to 49.87%, and lost control. According to the Q&A released by Accounting Research and Development Foundation on October 30, 2018, the amount of \$2,606,470, that included unrealized benefits from sale of real estate to Kings garden International Corp. previously and unrealized internal gains and losses were \$2,522,985 and \$83,485, were converted to "Capital Surplus -Unrealized Gains and Losses of Group Transactions".
- (4) Due to the Company didn't subscribe Great Emperor Hotel Corp. increased the capital by cash in April, 2020, the shareholding ratio to drop from 58.81% to 53.56%. The board of directors of Great Emperor Hotel Corp. resolved on July 14, 2020 to issued 70,000 thousand ordinary shares by cash for raise business capital. The par value of each share was \$10, and amount of increase in common stock was \$700,000 thousand. The issue price of per share was \$10.3, and amount of raising business capital was \$721,000 thousand (the capital increase record date was set on October 30, 2020). Due to the Company abandoned the cash capital increase subscription and negotiated the full subscription by parent company. Thus, the shareholding rate dropped from 53.56% to 45.44%, and lost control. According to the Q&A released by Accounting Research and Development Foundation on October 30, 2018, the amount of \$2,523,275, that included unrealized benefits from sale of real estate to Great Emperor Hotel Corp. previously and unrealized internal gains and losses were \$2,445,476 and \$77,799, were converted to "Capital Surplus - Unrealized Gains and Losses of Group Transactions".
(Note) The company sold land lot No. 16, 17 and 18 at Long Dong Section, Gushan District, Kaohsiung City to subsidiaries in December 2012. The unrealized gain from the sale of land was about \$4,968,461 thousand.

2.Associates:

- (1) The Company held directly or indirectly over 20% ownership of Eliter International Corp., E-Da Development Corp. and other Associates through the Company's Parent. Therefore, the investees are accounted for under the equity method.

(2) Major associates of the Company are as follows:

Company Name	Shareholding Percentage	
	December 31, 2020	December 31, 2019
Great Emperor Hotel Corp.	45.44%	-
Kings Garden International Corp.	49.87%	-
Eliter International Corp.	7.42%	7.42%
E-Da Development Corp.	5.94%	5.94%

Please refer to Table 4 in Note 13 for the nature of business, main operation location and countries of registration of the associates listed above.

(3) The summarized financial information in respect of the Company's major associates is as follows:

A. Balance Sheets

	Great Emperor Hotel Corp.
	December 31, 2020
Current assets	\$509,747
Noncurrent assets	11,782,790
Current liabilities	347,758
Noncurrent liabilities	7,376,242
Equity	\$4,568,537
Share in associates' net assets	\$2,076,113
Unrealized loss from transactions with associates	-
Carrying amount of associate	\$2,076,113

	Kings Garden International Corp.
	December 31, 2020
Current assets	\$359,211
Noncurrent assets	10,957,053
Current liabilities	133,296
Noncurrent liabilities	6,807,773
Equity (Note)	\$4,375,195
Share in associates' net assets	\$2,077,673
Unrealized loss from transactions with associates	-
Carrying amount of associate	\$2,077,673

(Note) Including the parent company subscribed the un-registered capital increased by cash was \$209,066 thousand.

	Eliter International Corp.	
	December 31, 2020	December 31, 2019
Current assets	\$7,219,188	\$6,971,622
Noncurrent assets	4,963,316	5,195,803
Current liabilities	2,693,464	1,603,830
Noncurrent liabilities	1,273,422	2,299,960
Equity	\$8,215,618	\$8,263,635
Share in associates' net assets	\$609,366	\$612,927
Unrealized gain (loss) from transactions with associates	(10,515)	(10,515)
Carrying amount of associate	\$598,851	\$602,412

	E-Da Development Corp.	
	December 31, 2020	December 31, 2019
Current assets	\$605,393	\$867,776
Noncurrent assets	7,974,851	8,123,713
Current liabilities	886,455	1,021,390
Noncurrent liabilities	3,741,418	3,735,304
Equity	\$3,952,371	\$4,234,795
Share in associates' net assets	\$234,844	\$251,625
Unrealized loss from transactions with associates	-	-
Carrying amount of associate	\$234,844	\$251,625

B. Statements of Comprehensive Income

	Great Emperor Hotel Corp.
	2020
Operating revenue	\$5,602
Net loss	(\$42,689)
Other comprehensive income (loss) (net after tax)	-
Total comprehensive loss	(\$42,689)
Dividends received from associate	\$ -

	Kings Garden International Corp.
	2020
Operating revenue	\$ -
Net loss	(\$37,389)
Other comprehensive income (loss) (net after tax)	-
Total comprehensive loss	(\$37,389)
Dividends received from associate	\$ -

	Eliter International Corp.	
	2020	2019
Operating revenue	\$267,888	\$229,538
Net income (loss)	(\$66,028)	(\$144,372)
Other comprehensive income (loss) (net after tax)	18,011	(5,902)
Total comprehensive loss	(\$48,017)	(\$150,274)
Dividends received from associate	\$ -	\$ -

	E-Da Development Corp.	
	2020	2019
Operating revenue	\$704,305	\$795,002
Net loss	(\$322,389)	(\$294,609)
Other comprehensive income (loss) (net after tax)	39,953	(14,958)
Total comprehensive loss	(\$282,436)	(\$309,567)
Dividends received from associate	\$ -	\$ -

(4) Shares of individually insignificant associates of the Company are summarized as follows:

	Year Ended December 31	
	2020	2019
Share of :		
Net income	\$1,921	\$2,367
Other comprehensive income (loss) (net after tax)	(4,970)	(2,503)
Total comprehensive income (loss)	(\$3,049)	(\$136)

(5) Associates of the Company with quoted prices in emerging market are as follow:

	December 31	
	2020	2019
Yieh United Steel Corp.	\$20,848	\$14,670

- (6) The calculation of the amount of investment accounted for using equity method and share of income or loss and other comprehensive income (loss) were based on the audited financial report.
3. As of December 31, 2020 and 2019, no investments under equity method were pledged as collateral by the Company.

6.7 Property, Plant and Equipment

Item	December 31	
	2020	2019
Land	\$1,075,876	\$1,075,876
Buildings and structures	1,783,263	1,783,263
Machinery	8,634,340	8,634,296
Other equipment	430,661	434,730
Equipment to be inspected and construction in progress	115,831	109,151
Total cost	\$12,039,971	\$12,037,316
Less: Accumulated depreciation	(6,802,474)	(6,512,855)
Accumulated impairment	(146,367)	(146,367)
Total	\$5,091,130	\$5,378,094

Cost	Equipment to be inspected and construction in progress					
	Land	Buildings and structures	Machinery	Other equipment (Note)	Equipment to be inspected and construction in progress	Total
Balance, January 1, 2020	\$1,075,876	\$1,783,263	\$8,634,296	\$434,730	\$109,151	\$12,037,316
Additions	-	-	1,494	9,704	6,680	17,878
Disposals	-	-	(1,450)	(13,773)	-	(15,223)
Reclassifications	-	-	-	-	-	-
Balance, December 31, 2020	\$1,075,876	\$1,783,263	\$8,634,340	\$430,661	\$115,831	\$12,039,971
Accumulated depreciation and impairment						
Balance, January 1, 2020	\$ -	\$835,742	\$5,474,881	\$241,077	\$107,522	\$6,659,222
Depreciation	-	37,431	246,262	20,951	-	304,644
Disposals	-	-	(1,450)	(13,575)	-	(15,025)
Provision for (reversal of) impairment loss	-	-	-	-	-	-
Balance, December 31, 2020	\$ -	\$873,173	\$5,719,693	\$248,453	\$107,522	\$6,948,841

	Land	Buildings and structures	Machinery	Other equipment (Note)	Equipment to be inspected and construction in progress	Total
Cost						
Balance, January 1, 2019	\$1,075,876	\$1,783,156	\$8,628,382	\$402,429	\$111,078	\$12,000,921
Additions	-	-	3,355	37,983	6,168	47,506
Disposals	-	-	(521)	(10,590)	-	(11,111)
Reclassifications	-	107	3,080	4,908	(8,095)	-
Balance, December 31, 2019	<u>\$1,075,876</u>	<u>\$1,783,263</u>	<u>\$8,634,296</u>	<u>\$434,730</u>	<u>\$109,151</u>	<u>\$12,037,316</u>
Accumulated depreciation and impairment						
Balance, January 1, 2019	\$ -	\$798,312	\$5,206,066	\$227,662	\$107,522	\$6,339,562
Depreciation	-	37,430	269,231	23,495	-	330,156
Disposals	-	-	(416)	(10,080)	-	(10,496)
Provision for (reversal of) impairment loss	-	-	-	-	-	-
Balance, December 31, 2019	<u>\$ -</u>	<u>\$835,742</u>	<u>\$5,474,881</u>	<u>\$241,077</u>	<u>\$107,522</u>	<u>\$6,659,222</u>

(Note): Including transportation equipment, office equipment and other equipment.

1.Reconciliations of current additions and the acquisition of property, plant and equipment in statement of cash flows were as follows:

	Year Ended December 31	
Item	2020	2019
Increase in property, plant and equipment	\$17,878	\$47,506
Increase/decrease in payables for purchase of equipment	-	2,935
Cash paid for acquisition of property, plants and equipment	\$17,878	\$50,441

2.Please refer to Note 6.23 for details of the amount of capitalized borrowing costs.

3.Impairment losses for property, plant and equipment recognized for 2020 and 2019 were both \$0 thousand.

4.For the information about property, plant and equipment pledged as collateral, please refer to Note 8 for details.

5.The company's land amounting to both \$69,792 thousand as of December 31 2020 and 2019 is unable to be registered under the name of the Company due to regulation restriction. Accordingly, the ownership was registered under the name of an individual with a mortgage registration as safeguard measures.

6.8 Investment properties

Item	December 31	
	2020	2019
Land	\$202,233	\$202,233
Total cost	\$202,233	\$202,233
Less: Accumulated Impairment	(68,009)	(68,009)
Total	\$134,224	\$134,224

Cost	Land	
	2020	2019
Balance, January 1	\$202,233	\$202,233
Additions	-	-
Balance, December 31	\$202,233	\$202,233
Accumulated impairment		
Balance, January 1	\$68,009	\$68,009
Impairment (reversed)	-	-
Balance, December 31	\$68,009	\$68,009

1. Rental revenue and direct operating expenses of investment properties:

Item	Year Ended December 31	
	2020	2019
Rental revenue from investment properties	\$1,332	\$1,331
Direct operating expenses incurred by the investment properties with rental revenue generating in current period	\$80	\$83
Direct operating expenses incurred by the investment properties with no rental revenue generating in current period	\$250	\$261

2. As of December 31, 2020 and 2019, the fair values of investment properties held by the Company were \$301,614 thousand, respectively, which were based on evaluation appraised by independent appraisers as of December, 2019. Such evaluation adopted the comparative approach by reference to the market evidence similar to the real estate transaction prices. Those are Level 3 fair value inputs. Please refer to Note 12(3). The Company believes that there would not be any material fluctuation in the fair value of such investment properties after their appraisal. Appraisal will be taken place every two years on the investment properties.

3. Please refer to Note 8 for investment properties pledged to others.

4. The company's land amounting to both \$8,987 thousand as of December 31 2020 and 2019 is unable to be registered under the name of the Company due to regulation restriction. Accordingly, the ownership was registered under the name of an individual with a mortgage registration as safeguard measures.

6.9 Short-term Loans

Type of Loan	December 31, 2020	
	Amount	Interest Rate
Credit for material purchase	\$1,615,346	1.332%-2.55%
Mortgage loans	30,000	1.81%
Credit loans	580,842	0.846%-2.090%
Total	<u>\$2,226,188</u>	

Type of Loan	December 31, 2019	
	Amount	Interest Rate
Credit for material purchase	\$1,421,537	1.92%-2.60%
Mortgage loans	30,000	2.09%
Credit loans	525,000	2.095%-2.34%
Total	<u>\$1,976,537</u>	

Some investment properties, demand deposits, accounts receivable, and certificate deposit are pledged as collateral for short-term loans. Please refer to Note 8 for details.

6.10 Short-term notes and bills payable

Item	December 31	
	2020	2019
Commercial paper payable	\$220,000	\$220,000
Less: Unamortized discount	(146)	(1,253)
Net	<u>\$219,854</u>	<u>\$218,747</u>
Interest Rate Range	<u>1.87%</u>	<u>1.89%</u>

Some investment properties are pledged as collateral for short-term notes and bills payable. Please refer to Note 8 for information.

6.11 Other Payables

Item	December 31	
	2020	2019
Compensations payable	\$39,256	\$37,099
Consumables payable	28,272	25,407
Utility expense payable	11,667	12,599
Fuel payable	6,178	9,033
Interest payable	7,404	8,251
Others	24,813	24,223
Total	<u>\$117,590</u>	<u>\$116,612</u>

Please refer to Note 7.3.4 for related party transactions

6.12 Provisions - current

Item	December 31	
	2020	2019
Employee benefits	\$12,375	\$12,064
Onerous purchase contract	-	-
Total	<u>\$12,375</u>	<u>\$12,064</u>

Item	Employee benefits	Onerous contract	Total
January 1, 2020	\$12,064	\$ -	\$12,064
Recognized in current period	12,375	12,059	24,434
Write-off in current period	(12,064)	(12,059)	(24,123)
December 31, 2020	<u>\$12,375</u>	<u>\$ -</u>	<u>\$12,375</u>

Item	Employee benefits	Onerous contract	Total
January 1, 2019	\$11,280	\$7,291	\$18,571
Recognized in current period	12,064	-	12,064
Write-off in current period	(11,280)	(7,291)	(18,571)
December 31, 2019	<u>\$12,064</u>	<u>\$ -</u>	<u>\$12,064</u>

- 1.Provision for employee benefits is an estimate of the short-term service leave vested to employees.
- 2.Provision for onerous contract is the unavoidable costs of irrevocable purchase contract which exceeds the economic benefits expected to be received.

6.13 Long-term Loans and Current Portion of Long-term Loans

Item	December 31	
	2020	2019
Bank syndicated loans:		
10 of Banks syndicated loans	\$2,817,500	\$2,875,000
Less: Unamortized discount	(5,463)	(7,188)
Less: Current portion	(229,554)	(57,356)
Long-term loans	\$2,582,483	\$2,810,456
Interest rate range	2.4841%	2.7484%

1. Please refer to Note 8 for the collateral of the above bank loans.
2. According to syndicated loan agreements with banks in February 2019, the Company needs to maintain several financial ratios, including current ratio, liability ratio and interest coverage ratio, at a certain level, calculated based on the audited annual consolidated financial statements and the reviewed semi-annual consolidated financial statements for the duration of the contracts. Since the Company failed to meet interest coverage ratio in 2020, it needed to pay to the managing bank a compensation at 0.125% of the loan balance within agreed time. However, this is not seen as a breach of contract.

6.14 Benefit Plan After Retirement

1. Defined contribution plan
The pension system based on the Labor Pension Act which is applicable to the Company's domestic entities is a defined contribution plan managed by government. Companies would make monthly contribution equal to 6% of each employee's monthly salary to the employees' individual pension accounts at the Bureau of Labor Insurance.
The total expenses contributed under the defined contribution plan were \$11,846 thousand and \$12,424 thousand for the years ended December 31, 2020 and 2019, respectively, and were recognized as pension expenses.
2. Defined benefit plans
 - (1) The pension plan under the Labor Standards Law, which is applicable to the Company's domestic entities, is a defined benefit pension plan managed. Under the defined benefit pension plan, pension benefits are based on the average monthly salaries and wages of the last 6 months prior to retirement and the duration of employment. Those companies contribute monthly an amount equal to 6% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, under the name of the independent retirement fund committee.
 - (2) Before the end of year, if the balance at the retirement fund is not sufficient to cover all employees retiring next year, a lump-sum deposit should be made before March-end of the following year to cover the difference.

(3)The amounts recognized in the standalone balance sheet for obligations from defined benefit plans are as :

Item	December 31	
	2020	2019
Present value of defined benefit obligations	\$295,297	\$308,007
Fair value of planned assets	(306,074)	(303,883)
Net defined benefit liability	(\$10,777)	\$4,124

(4) Movements in net defined benefit liability are as follows:

Item	Year Ended December 31, 2020		
	Present value of defined benefit obligations	Fair value of planned assets	Net defined benefit liability
Balance as of January 1	\$308,007	(\$303,883)	\$4,124
Cost of service			
Current service cost	1,691	-	1,691
Interest expense (income)	2,089	(2,108)	(19)
Recognized in profit and loss	\$3,780	(\$2,108)	\$1,672
Remeasurement			
Return on plan asset			
(Amounts included in interest income or expense are excluded)	\$ -	(\$9,896)	(\$9,896)
Actuarial (gains) losses -			
Effect of change in financial assumptions	10,462	-	10,462
Experience adjustment	(5,060)	-	(5,060)
Recognized in other comprehensive income	\$5,402	(\$9,896)	(\$4,494)
Pension fund contribution	\$ -	(\$12,079)	(\$12,079)
Paid pension	(21,892)	21,892	-
Balance as of December 31	\$295,297	(\$306,074)	(\$10,777)

Item	Year Ended December 31, 2019		
	Present value of defined benefit obligations	Fair value of planned assets	Net defined benefit liability
Balance as of January 1	\$333,573	(\$258,141)	\$75,432
Cost of service			
Current service cost	1,970	-	1,970
Interest expense (income)	2,465	(2,024)	441
Recognized in profit and loss	\$4,435	(\$2,024)	\$2,411
Remeasurement			
Return on plan asset			
(Amounts included in interest income or expense are excluded)	\$ -	(\$7,423)	(\$7,423)
Actuarial (gains) losses -			
Effect of change in financial assumptions	1,420	-	1,420
Experience adjustment	(21,608)	-	(21,608)
Recognized in other comprehensive income	(\$20,188)	(\$7,423)	(\$27,611)
Pension fund contribution	\$ -	(\$46,108)	(\$46,108)
Paid pension	(9,813)	9,813	-
Balance as of December 31	\$308,007	(\$303,883)	\$4,124

(5) Through the pension plan under the Labor Standards Law, the Company is exposed to the following risks:

A. Investment risk

The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management by Bureau of Labor Funds, Ministry of Labor. However, the rate of return on the Company's planned assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.

B. Interest rate risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation, however, the return on the debt investments of the plan assets will also increase. Those two will partially offset each other.

C. Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

- (6) The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions adopted on the valuation date were as follows:

Item	Measurement date	
	December 31, 2020	December 31, 2019
Discount rate	0.30%	0.70%
Future salary increase rate	2.00%	2.00%
Average maturity period of defined benefit obligations	9 years	9 years

- A. Assumptions on future mortality experience are set based on the 5th Taiwan Standard Ordinary Experience Mortality Table.
- B. If a reasonable change in one of the principal assumptions for actuarial valuation occurred and all other assumptions were held constant, the increase (decrease) in the present value of defined benefit obligation would be as follows:

Item	December 31	
	2020	2019
Discount rate		
Increase by 0.25%	(\$6,601)	(\$7,008)
Decrease by 0.25%	\$6,814	\$7,243
Expected growth rate of salaries		
Increase by 0.25%	\$6,682	\$7,131
Decrease by 0.25%	(\$6,508)	(\$6,936)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

- (7) The Company expects to make contributions of \$12,654 thousand to the pension plans for the year ended December 31, 2021.

6.15 Common Stock

1. Quantities and values of the Company's outstanding common shares at the beginning and ending of periods were as follows:

Item	Year Ended December 31, 2020	
	Shares (thousand shares)	Amount
January 1	530,652	\$5,306,516
Capital increase in cash	-	-
Capitalization of earnings	-	-
December 31	530,652	\$5,306,516

Item	Year Ended December 31, 2019	
	Shares (thousand shares)	Amount
January 1	530,652	\$5,306,516
Capital increase in cash	-	-
Capitalization of earnings	-	-
December 31	530,652	\$5,306,516

2. As of December 31, 2020, the Company had an authorized capital of \$12,000,000 thousand with 1,200,000 thousand shares.
3. The Company's board of directors resolved common shares issued through private placement by \$2,000,000 thousand, consisting 350,877 thousand new shares (common shares) with par value of \$10. The issue price was \$5.70 per share resolved by the board of directors on December 8, 2006. The capital increase record date was set on February 8, 2007. Right and obligations of holders of the common shares issued through private placement were the same as those of the Company's original common shareholders. However, the listing and resale of those common shares issued through private placement shall be in accordance with Securities and Exchange Act and related regulations. Due to offsetting deficits, the capital reduction ratio is about 48.20%, and the number of shares after the capital reduction is 181,755 thousand shares in May 2009. The Company had resolved to capitalize earnings, and there were 3,635 thousand shares issued through private placement in October 2011.
4. The Company's board of directors resolved common shares issued through private placement by \$1,200,000 thousand, consisting 461,538 thousand new shares (common shares) with par value of \$10. The issue price was \$2.60 per share resolved by the board of directors on June 25, 2008. The capital increase record date was set on November 12, 2008. Right and obligations of holders of the common shares issued through private placement were the same as those of the Company's original common shareholders. However, the listing and resale of those common shares issued through private placement shall be in accordance with Securities and Exchange Act and related regulations. Due to offsetting deficits, the capital reduction ratio is about 48.20%, and the number of shares after the capital reduction is 239,078 thousand shares in May 2009. The Company had resolved to capitalize earnings, and there were 4,782 thousand shares issued through private placement in October 2011.
5. In order to improve the financial structure and future operation and development, the Company passed a resolution of shareholders' meeting to reduce the amount of capital to eliminate the accumulated loss of \$1,000,000 thousand (included private placement by \$680,646 thousand and non-private placement by \$319,354 thousand), and eliminate common stock 100,000 thousand shares (included private placement by 68,065 thousand shares and non-private placement by 31,935 thousand shares). The capital reduction rate was 15.8566% and be approved by the Financial Supervision Commission on August 30, 2017, and the change registration was completed on September 15, 2017.

6.As of December 31, 2020 and 2019, the Company's issued capital amounts to both \$5,306,516 thousand, representing approximately 530,652 thousand ordinary shares. The capital information was as follows:

Item	Amount
Common shares - private placement	\$3,611,857
Common shares - non-private placement	1,694,659
Total	<u><u>\$5,306,516</u></u>

6.16 Capital Surplus

Item	December 31	
	2020	2019
Share premium	\$5	\$5
Difference between the price received from acquisition or disposal of a subsidiary and its book value	1,252	1,252
Change in ownership interests in subsidiaries accounted for using equity method	134,588	126,473
Unrealized gain and losses of intra-group transactions	5,129,745	-
Changes in associates and joint ventures recognized under equity method	20,490	4,869
Total	<u><u>\$5,286,080</u></u>	<u><u>\$132,599</u></u>

Under the Company Act, capital surplus arising from shares issued at premium or from donation may be used for offsetting deficit. Furthermore, if the Company has no accumulated loss, capital surplus may be used for issuing new shares or distributing cash in proportion to shareholders' original holdings. In accordance with regulations in the Securities and Exchange Act, when the above-mentioned capital surplus is used for capitalization, the total amount every year shall not exceed 10% of the paid-in capital. The Company may use capital surplus to offset loss only when the amount of earnings and reserves are insufficient to offset the loss. The capital surplus generated from investment under equity method shall not be used for any purposes.

Please refer to Note 6(6) for the unrealized gain and losses of intra-group transactions.

6.17 Retained Earnings and the Dividend Policy

1.A residual dividend distribution policy is adopted in accordance with the Company's development plan, investment environment, capital needs and domestic and foreign competition in present and future, and shareholder benefit after considering the fact that the Company is currently in Maturity phase. If accumulated distributable surplus is lower than capital 20%, the Company can't get distributed, otherwise distribute dividends to shareholders do not less than

20% in annual year. The annual net income, if any, should be used to pay off all the taxes and duties, as well as to compensate prior deficits. The remaining amount, if any, should be appropriated in the following order of presentation:

- (1) 10% as legal reserve;
- (2) set aside an amount as special reserve according to operating needs;
- (3) if there is a surplus for the year, it should be used as dividends to special shares priority;
- (4) the remaining net income plus unappropriated earnings from prior years may be used as dividends or bonus (stock dividends are distributed at between 0% to 80% of the total dividends distributed and cash dividends are distributed at between 20% to 100% of total dividends distribute).

The surplus distribution ratio and cash dividend ratio may be adjusted by the Board of Directors and depend on actual profit, cash position, and operating needs.

2. Legal reserves may only be used for offsetting deficits and issuing new shares or distributing cash in proportion to shareholders' original holdings. However, when new shares are issued or cash is distributed, the amount shall be limited to 25% of the reserves in excess of the paid-in capital.

3. Special reserve

Item	December 31	
	2020	2019
Provision for debit balance of other equity	\$3,332	\$3,332
Offsetting deficits	(3,332)	(3,332)
Total	\$ -	\$ -

(1) The Company may allocate earnings only after providing special reserve for debt balance in other equity on the date of balance sheet, and the reversal of debit balance in other equity, if any, may be stated into allocable earnings.

(2) Upon first-time adoption of IFRSs, the exchange differences on translation of foreign financial statements and unrealized revaluation value converted to retained earnings were (\$1,325) thousand and \$0 thousand, respectively. Thus, the Company don't need to set aside as special reserve.

4. The shareholders' meeting held in June 2020 and 2019 resolved no dividends distributed to the shareholders due to operating deficit. Information about earnings distribution approved by the Board of Directors and resolved by the shareholders meeting is available at the Taiwan Stock Exchange Market Observation Post System website.

5. The Company's appropriations of earnings for 2020 had been approved in the meeting of the board of directors held on March 24, 2021. No dividends will be distributed to the shareholders due to accumulated deficit as of December 31, 2020. The appropriations of earnings for 2020 are to be presented for approval in the Company's annual shareholders' meeting to be held in June 2021.

6.18 Other Equity Items

Item	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial asset at fair value through other comprehensive income	Gain (loss) on hedging instruments	Total
Balance, January 1, 2020	(\$2,165)	\$811	\$4	(\$1,350)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	(987)	-	(987)
Share of associates and joint ventures accounted for using equity method	(5,077)	3,827	-	(1,250)
Balance, December 31, 2020	(\$7,242)	\$3,651	\$4	(\$3,587)

Item	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial asset at fair value through other comprehensive income	Gain (loss) on hedging instruments	Total
Balance, January 1, 2019	\$296	\$1,707	\$4	\$2,007
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	473	-	473
Share of associates and joint ventures accounted for using equity method	(2,461)	(1,369)	-	(3,830)
Balance, December 31, 2019	(\$2,165)	\$811	\$4	(\$1,350)

6.19 Operating Revenue

Item	Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Sales revenue	\$5,435,089	\$6,185,657
Processing revenue	124,748	293,946
Scraps revenue	57,116	75,389
Total sales revenue from contracts with customers	\$5,616,953	\$6,554,992
Less: Sales return	(26,245)	(18,477)
Sales discount	(917)	(1,240)
Net operating revenue	\$5,589,791	\$6,535,275

1.Segments of revenue from contracts with customers

Sales and processing income of wire rods and steel coil processed, etc. are mainly to downstream manufacturers, and sold at fixed prices per contractual terms.

2.Contract revenue details

The region of steel revenue can by disaggregated below:

2020:

	Steel	Processed	Total
<u>Region</u>			
Taiwan	\$4,247,572	\$124,748	\$4,372,320
America	509,470	-	509,470
Thailand	242,930	-	242,930
Korea	101,502	-	101,502
Others	363,569	-	363,569
Total	<u>\$5,465,043</u>	<u>\$124,748</u>	<u>\$5,589,791</u>
<u>Service line</u>			
Gangshan Factory	\$5,267,305	\$19,091	\$5,286,396
Pingnan Factory	197,738	105,657	303,395
Total	<u>\$5,465,043</u>	<u>\$124,748</u>	<u>\$5,589,791</u>
<u>Timing of revenue recognition</u>			
Revenue recognized at a specific timing	\$5,465,043	\$124,748	\$5,589,791
Revenue recognized over time	-	-	-
Total	<u>\$5,465,043</u>	<u>\$124,748</u>	<u>\$5,589,791</u>

2019:

	Steel	Processed	Total
<u>Region</u>			
Taiwan	\$4,677,109	\$293,946	\$4,971,055
America	511,656	-	511,656
Italia	207,992	-	207,992
Thailand	237,656	-	237,656
Others	606,916	-	606,916
Total	<u>\$6,241,329</u>	<u>\$293,946</u>	<u>\$6,535,275</u>
<u>Service line</u>			
Gangshan Factory	\$5,878,478	\$9,218	\$5,887,696
Pingnan Factory	362,851	284,728	647,579
Total	<u>\$6,241,329</u>	<u>\$293,946</u>	<u>\$6,535,275</u>

Timing of revenue recognition

Revenue recognized at a specific timing	\$6,241,329	\$293,946	\$6,535,275
Revenue recognized over time	-	-	-
Total	<u>\$6,241,329</u>	<u>\$293,946</u>	<u>\$6,535,275</u>

3. Contract Balance

Item	December 31	
	2020	2019
Receivables	<u>\$193,100</u>	<u>\$71,151</u>
Contract liabilities - current	<u>\$64,123</u>	<u>\$29,627</u>

(1) Significant change in contract assets and contract liabilities

The change in contract assets and contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment.

(2) Amount of satisfied performance obligations from previous period and beginning contract liabilities recognized in the current period as income were as follows:

Item	Year Ended December 31	
	2020	2019
Goods sale	<u>\$29,627</u>	<u>\$23,931</u>
From previous period's satisfied performance	<u>\$ -</u>	<u>\$ -</u>

6.20 Employee benefits, depreciation and amortization expense

Nature	Year Ended December 31, 2020		
	Operating Cost	Operating Expense	Total
Employee benefits			
Salary	\$180,700	\$52,825	\$233,525
Insurance	21,736	5,087	26,823
Pension	10,804	2,714	13,518
Remuneration to directors	-	2,347	2,347
Other employee benefits	34,895	5,126	40,021
Depreciation	<u>397,653</u>	<u>6,991</u>	<u>304,644</u>
Total	<u>\$545,788</u>	<u>\$75,090</u>	<u>\$620,878</u>

Nature	Year Ended December 31, 2019		
	Operating Cost	Operating Expense	Total
Employee benefits			
Salary	\$184,905	\$52,644	\$237,549
Insurance	23,294	5,157	28,451
Pension	12,005	2,830	14,835
Remuneration to directors	-	2,504	2,504
Other employee benefits	42,594	5,944	48,538
Depreciation	302,215	27,941	330,156
Total	\$565,013	\$97,020	\$662,033

1. Additional information for number of employees and employees' benefit expense in 2020 and 2019 is as below:

- (1) The number of employees in 2020 and 2019 were 445 and 458, respectively; the number of non-employee directors were 4 and 5.
- (2) The Company's average employee benefits expenses in 2020 and 2019 were \$712 thousand and \$727 thousand, respectively.
- (3) The Company's average wages and salaries for the current year and the previous year were \$530 thousand and \$524 thousand, respectively.
- (4) Average wages and salaries increased by 1.14%.
- (5) Remuneration policy of the Company

A. Remuneration to directors

Under the Articles of Company, the carriage fees paid to directors, the remuneration of independent directors, and the salary of the chairman and vice-chairman shall be discussed by the board of directors in accordance with the levels of industry peer and listed companies. The chairman and vice-chairman of the board may have other benefits in accordance with the relevant provisions of the company's treatment.

The Articles of Company also stipulate that it should be allocated less than 0.1% of profit as directors' remuneration if the Company has annual net income. According to the Articles of the Company's Remuneration Committee, the payment of directors' remuneration shall be handled with the Articles of Company.

The remuneration of independent directors of the company, which can be different from the general directors shall be stipulated in the Articles of Company or in accordance with the resolutions of the board of shareholders, and can have a fixed monthly remuneration through relevant legal procedures, and should not participate in the company's earnings distribution.

B. Remuneration to manager

The remuneration to the managers which is based on the position, contribution, the operating performance during the year and consideration of the Company's

future risks is reviewed by the remuneration committee and submitted to the board of directors for resolution.

C. Compensation to employees

The company is committed to providing employees with a salary and benefits above the average of the industry. Under the premise of external competition, internal fairness and legality, we provide a more multiplex and competitive remuneration system, and insists on the concept of profit sharing with employees to attract, retain, develop and motivate our employees. The remuneration of the employees includes the monthly salaries and the remuneration based on annual profitability. According to the Articles of Company, the Company should allocate more than 0.2% of the profit as the compensation to employees.

The annual remuneration is to give back to colleagues, to reward their contributions, and encourage them to work hard, and linked the interests of employees to shareholders', to create a three-way win for the company, shareholders and employees. The bonuses and compensation of employee are determined by the Company which based on the operating results and reference to the domestic industry's levels. The amount and distribution method are proposed by the remuneration committee to the board of directors. The assigned remuneration depends on each employee's position, contribution, and performance, and be paid after the board of directors approves.

2. Compensation to employees and remuneration to directors shall neither be less than 0.2 % nor greater than 0.1% of the net income before tax and before which the compensation to employees and remuneration to directors are deducted from. Due to the accumulated deficits of the Company for 2020 and 2019, the estimated amount of the above compensation and remuneration were both \$0 thousand. Any changes in the amounts, if any, after the annual financial statements were authorized for issue, shall be recorded as a change in accounting estimate, and should be adjusted the next year.
3. In March 24, 2021 and March 17, 2020, the Company's board of directors resolved no employees' compensation and directors' and supervisors' remuneration for the years ended December 31, 2020 and 2019. The approved amounts were consistent with the accrued amounts charged against earnings of year 2020 and 2019.
4. Information about employee compensation and remuneration to directors and supervisors approved by the board of directors is available at the Taiwan Stock Exchange Market Observation Post System website.

6.21 Other Income

Item	Year Ended December 31	
	2020	2019
Rent income	\$1,426	\$1,427
Interest income	375	645
Subsidy (Note)	40,600	-
Other income	286	652
Total	<u>\$42,687</u>	<u>\$2,724</u>

(Note) Please refer to Note.10 for the relevant information about subsidy income.

6.22 Other gains and losses

Item	Year Ended December 31	
	2020	2019
Gain (loss) of financial assets measured at FVTPL	\$1,796	(\$1,254)
Gain (loss) on disposal of financial assets at fair value through profit and loss	1,633	686
Gain (loss) from disposal of property, plant, and equipment	(198)	(615)
Net foreign exchange gain (loss)	4,238	(569)
Others	(7)	(5)
Total	<u>\$7,462</u>	<u>(\$1,757)</u>

6.23 Finance Costs

Item	Year Ended December 31	
	2020	2019
Interest on loans	\$123,203	\$126,733
Others	8,889	5,592
Subtotal	\$132,092	\$132,325
Less: Amount qualified for capitalization	-	-
Finance costs	<u>\$132,092</u>	<u>\$132,325</u>

6.24 Income Tax

1. Income tax expense

(1) Components of income tax expense

Item	Year Ended December 31	
	2020	2019
Current income tax expense	\$ -	\$ -
<u>Deferred income tax</u>		
Deferred income tax originating and reversed temporary differences	\$3,615	\$14,714
Deferred income tax expense	\$3,615	\$14,714
Income tax expense (benefit)	\$3,615	\$14,714

(2) Income tax expense (benefit) associates with other comprehensive income

Item	Year Ended December 31	
	2020	2019
Remeasurement of defined benefit plans	\$899	\$5,523

2. Reconciliation of income before income tax and income tax expense recognized in profit or loss is as follows:

Item	Year Ended December 31	
	2020	2019
Income (loss) before tax	(\$466,475)	(\$627,473)
Income tax expense (benefit) at the statutory rate	(\$93,295)	(\$125,495)
Tax effect of adjusting items:		
Investment loss (gain) recognized under equity method	12,581	9,449
Unrealized inventory valuation loss (recovery gain)	(10,287)	8,118
Realized (unrealized) pension	(2,081)	(8,739)
Other adjustments	(11,700)	(4,676)
Loss carryforwards	104,782	121,343
Net changes of deferred income tax	3,615	14,714
Income tax benefit recognized in profit or loss	\$3,615	\$14,714

The business income tax rate was 20% ,and the tax rate applicable to unappropriated earnings was 5%.

3. Deferred income tax assets or liabilities from temporary differences, loss carry forwards and investment credits:

Item	Year Ended December 31, 2020			
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax assets:				
Temporary differences				
Provision for inventory valuation loss	\$11,315	(\$10,287)	\$ -	\$1,028
Unrealized valuation impairment on assets	34,274	-	-	34,274
Sales recognition difference	222	599	-	821
Booking difference for depreciation	34,552	(4,230)	-	30,322
Net defined benefit liability	825	(825)	-	-
Compensation to unused annual leave	2,413	62	-	2,475
Unrealized exchange losses	6	(6)	-	-
Unrealized loss carryforwards	63,542	12,377	-	75,919
Subtotal	\$147,149	(\$2,310)	\$ -	\$144,839
Deferred income tax liability:				
Temporary differences				
Unrealized exchange losses	\$ -	(\$49)	\$ -	(\$49)
Net defined benefit assets	-	(1,256)	(899)	(2,155)
Subtotal	\$ -	(\$1,305)	(\$899)	(\$2,204)
Total	\$147,149	(\$3,615)	(\$899)	\$142,635

Item	Year Ended December 31, 2019			
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax assets:				
Temporary differences				
Provision for inventory valuation loss	\$3,197	\$8,118	\$ -	\$11,315
Estimate the loss on irrevocable contracts	1,458	(1,458)	-	-
Unrealized valuation impairment on assets	34,274	-	-	34,274
Sales recognition difference	47	175	-	222
Booking difference for depreciation	38,793	(4,241)	-	34,552
Net defined benefit liability	15,087	(8,739)	(5,523)	825
Compensation to unused annual leave	2,256	157	-	2,413
Unrealized exchange losses	13	(7)	-	6
Unrealized loss carryforwards	72,261	(8,719)	-	63,542
Total	\$167,386	(\$14,714)	(\$5,523)	\$147,149

4.Items not recognized as deferred income tax assets:

Item	December 31	
	2020	2019
Loss carryforwards	\$733,211	\$717,067
Investment loss recognized under equity method	116,185	103,604

The unused loss-carryforwards will expire successively in 2021-2030.

5.The Company's income tax returns through 2018 have been ratified by the tax authorities.

6.25 Other Comprehensive Income

Item	Year Ended December 31, 2020		
	Before tax	Income tax expense (benefit)	After tax
Items that will not be reclassified subsequently to profit or loss :			
Remeasurement of defined benefit plans	\$4,494	(\$899)	\$3,595
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(987)	-	(987)
Share of subsidiaries, associates and joint ventures accounted for using equity method:			
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	3,827	-	3,827
Remeasurement of defined benefit plans	(10)	-	(10)
Subtotal	\$7,324	(\$899)	\$6,425
Items that may be reclassified subsequently to profit or loss:			
Share of subsidiaries, associates and joint ventures accounted for using equity method:			
Exchange differences on translation of foreign financial statements	(\$5,077)	\$ -	(\$5,077)
Subtotal	(\$5,077)	\$ -	(\$5,077)
Recognized in other comprehensive income	\$2,247	(\$899)	\$1,348

Item	Year Ended December 31, 2019		
	Before tax	Income tax expense (benefit)	After tax
Items that will not be reclassified subsequently to profit or loss :			
Remeasurement of defined benefit plans	\$27,611	(\$5,523)	\$22,088
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	473	-	473
Share of associates and joint ventures accounted for using equity method:			
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	(1,369)	-	(1,369)
Remeasurement of defined benefit plans	19	-	19
Subtotal	\$26,734	(\$5,523)	\$21,211
Items that may be reclassified subsequently to profit or loss:			
Share of associates and joint ventures accounted for using equity method:			
Exchange differences on translation of foreign financial statements	(\$2,461)	\$ -	(\$2,461)
Subtotal	(\$2,461)	\$ -	(\$2,461)
Recognized in other comprehensive income	\$24,273	(\$5,523)	\$18,750

6.26 Earnings (loss) Per Share

Item	Year Ended December 31	
	2020	2019
Net loss (A)	(\$470,090)	(\$642,187)
Weighted average number of outstanding shares (thousand shares) (B)	530,652	530,652
Basic earnings (loss) per share (after tax) (NT\$)(A)/(B)	(\$0.89)	(\$1.21)

7.RELATED PARTY TRANSACTIONS

7.1 Parent and ultimate controlling party.

The Company was controlled by Yieh Phui Enterprise Co., Ltd., which held 57.41 % and 56.98% of the company's shares as of December 31, 2020 and 2019, respectively, and other shares were held by public. Yieh Phui Enterprise Co., Ltd. is the ultimate controlling party of the Group.

7.2 Names of related parties and relationship categories

Names of related parties	Related party category
Yieh Phui Enterprise Co., Ltd.	Parent
Great Emperor Hotel Co., Ltd.	Associate (Losing control in the fourth quarter of 2020)
Kingsgarden International Co., Ltd.	Associate (Losing control in the first quarter of 2020)
Yieh United Steel Corp.	Associate
Cheng Shin Security Co., Ltd.	Associate
E-Da Development Co., Ltd.	Associate
Eliter International Corp.	Associate
Yieh Corporation Limited	Other related party
Yieh Mau Corp.	Other related party
Skylark International Hotel Co., Ltd.	Other related party
Pacific Harbor Stevedoring Corporation	Other related party
New Spring Construction Corp.	Other related party
E-Da Royal Hotel Company Ltd.	Other related party
E-Da Hospital	Other related party
E-Da Medical Foundation Dachang Hospital	Other related party
I-Shou University	Other related party
I-Shou University Internship Center	Other related party
UniPattern Corporation	Other related party
Yieh Corp.	Other related party
I-Hsiang-Le International Co., Ltd.	Other related party
Long Hua Travel Services Co., Ltd.	Other related party
E-DA Tour Bus Co., Ltd.	Other related party
Royal Palace Hong Kong Style Restaurant Co., Ltd.	Other related party
Shin Ho Environmental Engineering Co., Ltd	Other related party
Yu Ching-Sheng	Other related party

7.3 Significant transactions with related parties

1. Operating revenue

Related party category/Name	Year Ended December 31	
	2020	2019
Associates	\$54,255	\$73,238
Other related party	7,989	31,230
Total	<u>\$62,244</u>	<u>\$104,468</u>

(a) Selling price to the Company's related parties, stainless steel wire, and trading terms are the same with those to other customers. Payment term is LC at sight or T/T before shipment.

(b) Selling price of stainless steel scraps to related parties are set with reference to the purchase price of a non-related party as a trading counterparty. Payment term is monthly, and closes in 15 days.

2. Purchases

Related party category/Name	Year Ended December 31	
	2020	2019
Associates		
Yieh United Steel Corp.	\$3,506,331	\$4,313,858

Items purchased by the company from above related parties were mainly stainless steel billets and carbon steel billets. The purchase prices are similar to that offered to other suppliers. Payment term is LC at sight, T/T before shipment (not significantly different than terms to other suppliers).

3. Receivables from related parties (excluding loans to related parties and Contract assets)

Item	Related party category/Name	December 31	
		2020	2019
Accounts receivable	Associates	\$5,432	\$6,662
Other receivables	Associates		
	Yieh United Steel Corp. (Note)	\$72,695	\$ -

(Note) Belongs to the quantity discount of receivable.

4. Payables to related parties (excluded loans from related parties)

Item	Related party category/Name	December 31	
		2020	2019
Notes payable	Other related parties	\$224	\$776
Accounts payable	Associates	\$ -	\$20,524
Other payables	Parent	\$268	\$290
	Associates	3,093	755
	Other related parties	903	787
	Total	\$4,264	\$1,832

5. Prepayments: None.

6. Advance receipts

Related party category/Name	December 31	
	2020	2019
Subsidiaries	\$ -	\$378
Other related parties		
New Spring Construction Corp.	69	69
Total	<u>\$69</u>	<u>\$447</u>

7. Asset transaction

(1) Acquisition of property, plant and equipment:

2020: None.

2019:

Type of related party	Transaction target	Transaction amount
Other related parties	Other equipment	\$4,494

(2) Disposal of property, plant and equipment: None.

(3) Disposal of other assets: None.

8. Lessee agreement: None.

9. Loans to related parties: None.

10. Endorsements and guarantees: None.

11. Others

(1) Miscellaneous income

Related party category/Name	Year Ended December 31	
	2020	2019
Parent :		
Yieh Phui Enterprise Co., Ltd.	\$218	\$218
Subsidiary :		
Great Emperor Hotel Co., Ltd.	372	446
Kingsgarden International Co., Ltd.	76	460
Associates:		
Great Emperor Hotel Co., Ltd.	74	-
Kingsgarden International Co., Ltd.	384	-
Other related parties		
New Spring Construction Corp.	207	207
Others	78	71
Total	<u>\$1,409</u>	<u>\$1,402</u>

These are mainly rent income and utility income. The rent price is determined by contract and received monthly or quarterly.

(3) Miscellaneous expenses

Related party category	Year Ended December 31	
	2020	2019
Parent	\$1,532	\$1,600
Associates	17,125	10,301
Other related parties	10,540	10,218
Total	<u>\$29,197</u>	<u>\$22,119</u>

These are mainly loading and unloading service, health management service, technical service, and computer use service.

(4) The Company participated in the cash offering by related parties and consequently increased its investment are disclosed as follows:

2020: None.

2019:

Investee	Investment Increase		Shareholding Percentage	
	Shares (thousand shares)	Amount	Before Offering	After Offering
Associates :				
E-Da Development Co., Ltd.	4,753	\$47,535	5.94%	5.94%

(4) Other

Related party category	Significant transactions
Other related parties	The company's lands of property, plant and equipment and investment properties are unable to be registered under the name of the Company due to regulation restriction. Accordingly, the ownership was registered under the name of an individual with a mortgage registration as safeguard measures.

7.4 Information about remunerations to the major management:

Item	Year Ended December 31	
	2020	2019
Salary and other short-term employee benefits	\$9,648	\$8,742
Benefits after retirement	441	392
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Total	<u>\$10,089</u>	<u>\$9,134</u>

8.PLEDGED ASSETS

The following assets have been pledged as collateral for long-term and short-term loans:

Item	December 31	
	2020	2019
Pledged demand deposits	\$228,617	\$224,540
Pledged time deposits	105,285	105,300
Subtotal of other financial assets - current	\$333,902	\$329,840
Property, plant and equipment (net)	\$4,630,731	\$4,891,190
Investment properties	95,384	95,384
Accounts receivables	30,842	-
Total	\$5,090,859	\$5,316,414

9.SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

- (1) Guarantee notes issued to banks by the Company for loans and purchases performance totaled \$6,557,937 thousand and \$6,705,376 thousand of as December 31, 2020 and 2019, respectively.
- (2) The unused letters of credit as of December 31, 2020 and 2019 are as follows:

Item	December 31			
	2020		2019	
Domestic letter of credit	USD	5,894	USD	5,296
Foreign letter of credit	NTD	27,792	NTD	222,658

- (3) The Company is in contract with JSPL, EAST and other raw material suppliers for material of billet, and price is negotiated by parties. The unfulfilled amounted was 20,150 tons, and the amount was approximately \$280,670 thousand as of December 31, 2020.

10.SIGNIFICANT DISASTER LOSS:

The company was affected by the COVID-19 epidemic, as a result of the revenue decline sharply from January to September, 2020. As the epidemic is eased and policies are loosened, the company expects its operations will be recovered gradually.

To respond the impact of the epidemic, the company has applied to the government successfully for subsidies such as salary and working capital. The company has received \$40,600 thousand in subsidy income as of December 31, 2020. Please refer to Note 6.21 for detail.

11.SIGNIFICANT SUBSEQUENT EVENTS: None.

12.OTHERS

(1) Capital risk management

As the Company needs to maintain sufficient capital to meet the needs for expansion and plant and equipment improvement, capital management of the Company focuses on ensuring there are sufficient financial resources and operating plans to meet the demands for operating capital, capital expenditure, research and development expense, loan repayment and dividend distribution in the next 12 months.

(2) Financial Instruments

1. Financial risk of financial instruments

Financial risk management

The Company's daily operations are affected by various financial risks, e.g. market risk (including exchange rate, interest rate and price risks), credit risk and liquidity risk. The Company is devoted to identify, assess and avoid market uncertainties in order to eliminate the potential adverse effects of market changes on the financial performance.

Before engaging in significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. While the financial plan is underway, the Company shall comply with relevant financial operation procedures on the overall financial risk management and segregation of duties at all times.

The nature and degree of significant financial risks

(1) Market risks

A. Foreign exchange rate risk

(A) The Company is exposed to exchange rate risk arising from the sales, purchases and borrowings in currencies other than the Company's functional currency, as well as from net investment of foreign operations. Functional currency of the Company is New Taiwan Dollars, such transactions are denominated mainly in USD and EUR. To avoid a decrease in the value of assets dominated in foreign currency and volatility in future cash flows due to changes in exchange rates, the Company hedges the exchange rate risk with foreign-currency borrowings. Those financial instruments can diminish but not completely eliminate the impacts of changes in exchange rate.

As net investments in foreign operations are for strategic purposes, they are not hedged by the Company.

(B) Exchange rate exposure and sensitivity analysis

			December 31, 2020			
			Presented amount (New Taiwan Dollars)	Sensitivity Analysis		
Amount in Foreign Currency	Exchange rate	Range of change		Effects on profit or loss	Effects on Equity	
(Foreign currency: Functional currency)						
Financial assets						
Monetary items						
EUR:NTD	154	35.02	5,392	Up 1%	54	-
USD:NTD	1,508	28.48	42,957	Up 1%	430	-
Non-monetary items						
USD:NTD	3,221	28.48	91,738	Up 1%	-	917
Financial liabilities						
Monetary items						
USD:NTD	3,416	28.48	97,282	Up 1%	(973)	-

			December 31, 2019			
			Presented amount (New Taiwan Dollars)	Sensitivity Analysis		
Amount in Foreign Currency	Exchange rate	Range of change		Effects on profit or loss	Effects on Equity	
(Foreign currency: Functional currency)						
Financial assets						
Monetary items						
EUR:NTD	409	33.59	13,745	Up 1%	137	-
USD:NTD	455	29.98	13,645	Up 1%	136	-
Non-monetary items						
USD:NTD	3,073	29.98	92,117	Up 1%	-	921

If NTD appreciates against the above-mentioned currencies, held all other variables constant, the impact generated as of December 31, 2020 and 2019 would stay the same with the reverse result.

- (C) Due to the exchange rate volatility, total exchange gains and losses (including realized and unrealized) from the Company's monetary items amounted to 4,238 thousand and (\$569) thousand for the years ended December 31, 2020 and 2019, respectively.

B. Price risk

Since the Company's investment in securities is classified as financial assets at FVTPL or financial assets at FVTOCI on the standalone balance sheet, the Company does not expose to price risks of securities.

The Company mainly invests in domestic listed and unlisted stocks and beneficiary certificates. The price of such securities can be affected by changes in future value of those investment targets.

If the security price goes up or down by 1%, the post-tax profit or loss for the year 2020 and 2019 will increase or decrease by \$ 1,255 thousand and \$1,290 thousand due to the increase or decrease of the fair value of financial assets measured at FVTPL. The post-tax other comprehensive income for the year 2020 and 2019 will increase or decrease by \$45 thousand and \$55 thousand due to the increase or decrease of the fair value of financial assets measured at FVTOCI.

C. Interest rate risk

The carrying amount of the Company's financial assets and financial liabilities that are exposed to interest rate risk at the reporting date is stated as follows:

Item	Carrying Amount	
	December 31, 2020	December 31, 2019
With fair value interest rate risk		
Financial assets	\$218,115	\$217,017
Financial liabilities	(219,854)	(218,747)
Net	<u>(\$1,739)</u>	<u>(\$1,730)</u>
With cash flow interest rate risk		
Financial assets	\$246,710	\$248,425
Financial liabilities	(5,038,225)	(4,844,349)
Net	<u>(\$4,791,515)</u>	<u>(\$4,595,924)</u>

(A) Sensitivity analysis of those with fair value interest rate risk:

The Company classifies its investment in preferred stocks with fixed income as financial assets measured at FVTPL. Fair value of such preferred stock investment changes in line with the interest rate changes in the market. If the market interest rate goes up 1% and other variables are held constant, the profit or loss for the year 2020 and 2019 will decrease by \$ 415 thousand and \$1,513 thousand, respectively.

(B) Sensitivity analysis of those with cash flow interest rate risk:

The interest-fluctuate instruments possessed by the Company were floating-interest assets (liabilities). Therefore, the effective interest rate, as well as the future cash flows, changes along with the market movement. Every one percent reduces (increase) in the market interest will increase (decrease) the net profit by \$47,915 thousand and \$45,959 thousand for the years 2020 and 2019, respectively.

(2) Credit risk

Credit risk refers to the risk of financial loss to the Company arising from default by counter-parties of financial instruments on the contract obligations. Credit risk of the Company mainly comes from receivables under operating activities and bank deposits and other financial instruments under investing activities. Credit risks related to operation and finance risks are managed separately.

Credit risk related to operations

To maintain the quality of accounts receivable, the Company has established the procedures for credit risk management with regards to its operations.

Risk assessment on individual customer includes factors that could affect the customer's ability to pay, such as the customer's financial status, the Company's internal credit ratings, historical transactions and current economic conditions.

Financial credit risk

The credit risks of bank deposits and other Financial instruments are measured and monitored by the Company's financial departments. The Company does not expect significant credit risk because the counterparties are creditworthy and investment-graded financial institutions, companies and government agencies

without any significant default concerns. In addition, the Company does not have any debt instrument investments that are either measured at amortized cost, or at FVTOCI.

A. Credit concentration risk

As of December 31, 2020 and 2019, the top ten clients accounted for 79 % and 87% of the Company's accounts receivable, indicating a credit concentration risk. However, no significant credit concentration risk was shown from the remaining accounts receivables.

B. Measurement of expected credit impairment loss

(a)Accounts receivables and contract assets apply the simplified approach. Please refer to Note 6.3 for details.

(b)Collaterals and other credit enhancement held to avoid credit risks from financial assets

The following table shows the maximum exposure to credit risk regarding financial assets recognized in the standalone balance sheets, pledged collateral, master netting arrangements and other credit enhancement held by the Company:

December 31, 2020	Carrying Amount	Decreased amount of maximum exposure to credit risks			
		Collateral	Net Settlement Agreement	Other Credit Enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS9 are applicable	\$ -	\$ -	\$ -	\$ -	\$ -
Financial instruments to which the impairment requirements of IFRS 9 are not applicable :					
Financial assets at fair value through profit and loss	125,475	-	-	-	-
Financial assets measured at FVTOCI	4,494	-	-	-	-
Total	<u>\$129,969</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2019	Carrying Amount	Decreased amount of maximum exposure to credit risks			
		Collateral	Net Settlement Agreement	Other Credit Enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS9 are applicable	\$ -	\$ -	\$ -	\$ -	\$ -
Financial instruments to which the impairment requirements of IFRS 9 are not applicable :					
Financial assets at fair value through profit and loss	129,039	-	-	-	-
Financial assets measured at FVTOCI	5,481	-	-	-	-
Total	<u>\$134,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(3) Liquidity risk

A. Liquidity risk management

The current liabilities of the Company exceeded current assets by \$472,208 thousand, the accumulated loss had reached 60% of the capital, and the debt ratio reached 43% as of December 31, 2020. The management of the company through managed and maintained sufficient the cash to support the operations and reduce the impact of cash flow fluctuations, and bank loans are an important source of liquidity for the company. The management monitors the use of bank loan commitments at any time and ensures compliance with the terms of the loan contract and prepares future cash income and expenditure forecasts to ensure that there is no liquidity risk due to the inability to raise funds to fulfill contractual obligations.

B. Analysis of maturity of financial liabilities

The table below shows an analysis of the financial liabilities held by the Company with defined repayment terms based on maturity dates and undiscounted payment at maturity:

December 31, 2020

Non-derivative financial Liabilities	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	Carrying amount
Short-term loans	\$2,226,188	\$ -	\$ -	\$ -	\$ -	\$2,226,188	\$2,226,188
Short-term notes and bills payable	220,000	-	-	-	-	220,000	219,854
Notes payable	58,751	-	-	-	-	58,751	58,751
Accounts payable	1,462	-	-	-	-	1,462	1,462
Other payables	117,590	-	-	-	-	117,590	117,590
Long-term loans (including current portion)	115,000	115,000	431,250	2,156,250	-	2,817,500	2,812,037
Subtotal	<u>\$2,738,991</u>	<u>\$115,000</u>	<u>\$431,250</u>	<u>\$2,156,250</u>	<u>\$ -</u>	<u>\$5,441,491</u>	<u>\$5,435,882</u>

December 31, 2019

Non-derivative financial Liabilities	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	Carrying amount
Short-term loans	\$1,976,537	\$ -	\$ -	\$ -	\$ -	\$1,976,537	\$1,976,537
Short-term notes and bills payable	220,000	-	-	-	-	220,000	218,747
Notes payable	84,336	-	-	-	-	84,336	84,336
Accounts payable	22,037	-	-	-	-	22,037	22,037
Other payables	116,612	-	-	-	-	116,612	116,612
Long-term loans (including current portion)	28,750	28,750	230,000	2,587,500	-	2,875,000	2,867,812
Subtotal	<u>\$2,448,272</u>	<u>\$28,750</u>	<u>\$230,000</u>	<u>\$2,587,500</u>	<u>\$ -</u>	<u>\$5,294,522</u>	<u>\$5,286,081</u>

The Company does not expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

2. Types of Financial instruments

	December 31	
	2020	2019
Financial assets		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$208,795	\$246,453
Notes receivables and accounts receivables (including related parties)	193,100	71,151
Other receivables(including related parties)	83,058	14,196
Other financial assets - current	333,902	329,840
Refundable deposits	453	453
Financial assets at fair value through profit or loss – current	125,475	81,465
Financial assets at fair value through profit or loss – noncurrent	-	47,574
Financial assets at fair value through other comprehensive income or loss - noncurrent	4,494	5,481
Financial liabilities		
Financial liabilities measured at amortized costs		
Short-term loans	2,226,188	1,976,537
Short-term notes and bills payable	219,854	218,747
Notes receivables and accounts payable (including related parties)	60,213	106,373
Other payables (including related parties)	117,590	116,612
Long-term loans (including current portion)	2,812,037	2,867,812

(3) Fair Value Information:

1. For information on fair value of financial assets and financial liabilities not measured at fair value, please refer to Note 12(3)3. For fair value of investment property measured at cost, please refer to Note 6.8. For fair value of investments in associates with quoted prices in an open market, please refer to Note 6.6.

2. Definition of the three levels in fair value:

Level 1:

Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's beneficiary certificate with quoted market prices is included in Level 1.

Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market and preferred stock investment is included in Level 3.

3. Financial instruments not measured at fair value

Management of the Company thinks that the carrying amount of financial instruments not measured at fair value except those listed in the table below, including cash and cash equivalents, notes receivables, accounts receivables, other financial assets, refundable deposits, short term loans, short-term bills payable, accounts payable, and long-term loans (including current portion), is the reasonable approximation of their fair value.

4. Fair value hierarchy:

The fair value hierarchy of financial instrument is measured at fair value on a recurring basis. Information about the Company's fair value hierarchy is disclosed in the following table:

Item	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets at fair value through profit or loss				
Funds	\$12,645	\$ -	\$ -	\$12,645
Domestic unlisted preferred stocks	-	-	112,830	112,830
Financial assets measured at FVTOCI				
Equity securities				
Domestic unlisted stocks	-	-	4,494	4,494
Total	<u>\$12,645</u>	<u>\$ -</u>	<u>\$117,324</u>	<u>\$129,969</u>

Item	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets at fair value through profit or loss				
Funds	\$17,322	\$ -	\$ -	\$17,322
Domestic unlisted preferred stocks	-	-	111,717	111,717
Financial assets measured at FVTOCI				
Equity securities				
Domestic unlisted stocks	-	-	5,481	5,481
Total	<u>\$17,322</u>	<u>\$ -</u>	<u>\$117,198</u>	<u>\$134,520</u>

5. Fair value valuation technique for instruments measured at fair value:

- (1) The fair value of financial instruments with quoted prices in active markets is the quoted market prices. Market prices published by major trading centers and exchanges for on-the-run government bonds are the basis for the fair value of listed equity instruments and debt instruments with quoted prices in active

markets. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If one of the conditions fails, the market is not deemed active. In general, indications of an inactive market include a wide bid-ask spread, a significant increase in the bid-ask spread and low level of trading volume. The fair value of financial instruments with active markets held by the Company are stated by their natures and types as follows:

a. Open-end funds : Net asset value.

- (2) Except for financial assets with an active market, the fair value of other financial assets is obtained either based on the valuation technique or by reference to the quotes from counter-parties. Fair value can be obtained by using a valuation technique that refers to the fair value of financial instruments having substantially the same terms and characteristics, the discounted cash flow method, or other valuation technique e.g. the one that applies market information available on the balance sheet date to a pricing model for calculation.

The fair value of the Company's holding of unlisted stocks for which no active market exists is estimated by using the market approach, which refers to the valuation of similar entities, quoted prices from a third party, the net worth of an entity and the operating performance. In addition, the significant unobservable inputs mainly comprise liquidity discount, in which the possible changes would not result in a potentially material financial effect. Therefore, the Company does not disclose the quantitative information.

6. Transfers between Level 1 and Level 2 fair value hierarchy: None.

7. Statement of changes in Level 3 fair value hierarchy:

Item	Investment in unquoted financial instruments
January 1, 2020	\$117,198
Withdrawal of special shares	-
Recognized in profit and loss	1,113
Recognized in other comprehensive income	(987)
December 31, 2020	<u>\$117,324</u>

Item	Investment in unquoted financial instruments
January 1, 2019	\$214,509
Withdrawal of special shares	(95,070)
Recognized in profit and loss	(2,714)
Recognized in other comprehensive income	473
December 31, 2019	<u>\$117,198</u>

8. Valuation process for Level 3 fair value measurement:

Valuation process regarding fair value Level 3 is conducted by the Company's finance department, by which the independence of fair value of financial

instruments is verified through use of independent data source in order to make the valuation results close to market conditions. Such valuation results are regularly reviewed so as to ensure their reasonableness.

(4) Transfer of financial assets:

1. Transferred financial assets fully derecognized:

- (1) The Company was in contract with Chang Hwa Commercial Bank, Ltd. for accounts receivable factoring. According to the contract, the Company does not have to bear the risk of default over the transferred accounts receivables but only the loss from trade disputes. As the Company did not have any continued participation over those transferred accounts receivables, they were derecognized from the accounts. Information on outstanding receivables is as follows:

December 31, 2020

Counter-party	Factoring Amount	Amount Collected in Cash	Advance Amount - End of the Period	Annual Interest Rate for the Advance Amount	Line of Credit
Chang Hwa Commercial Bank	\$ -	\$ -	\$ -	-	EUR 3,200

December 31, 2019

Counter-party	Factoring Amount	Amount Collected in Cash	Advance Amount - End of the Period	Annual Interest Rate for the Advance Amount	Line of Credit
Chang Hwa Commercial Bank	\$27,884 (EUR 829)	\$ -	\$25,096 (EUR 746)	1.16464%	EUR 3,200

2. Transferred financial assets not fully derecognized: None.

(5) Offsetting financial assets and financial liabilities: None.

13.SUPPLEMENTARY DISCLOSURES

A. Significant transactions information

- (a) Loans to others: None;
- (b) Endorsements and guarantees provided to others: Please see Table 1 attached;
- (c) Marketable securities held (excluding investments in subsidiaries and associates) at the end of the period: Please see Table 2 attached;
- (d) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
- (e) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None;
- (f) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None;
- (g) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Please see Table 3 attached;
- (h) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
- (i) Information about the derivative financial instruments transaction: None;

B. Information on investees: Please see Table 4 attached.

C. Information on investment in mainland China: None.

D. Information on main stockholder: Please see Table 5 attached.

TABLE 1

YIEH HSING ENTERPRISE CO., LTD.
Endorsements and guarantees provided to others
December 31, 2020

Unit: Thousands of NT Dollar/ Foreign Currency

No.	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsement/ guarantees provided for a single party (Note 2)	Maximum balance for the period (Note 4)	Ending balance (Note 4)	Amount actually drawn (Note 4)	Amount of endorsement/ guarantees collateralized by properties (Note 4)	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statement	Maximum endorsement/ guarantee allowable (Note 3)	Guarantee provided by parent company to subsidiary	Guarantee provided by a subsidiary to parent company	Guarantee provided to subsidiaries in Mainland China
		Company name	Relationship with the endorser/ guarantor (Note 1)										
1	Kings Garden International Co., Ltd.	Great Emperor Hotel Co., Ltd.	5	26,484,254	7,186,000	7,186,000	5,780,000	7,186,000	189.93%	26,484,254	—	—	—
2	Great Emperor Hotel Co., Ltd.	Kings Garden International Co., Ltd.	5	27,149,572	7,413,000	7,413,000	6,538,000	7,413,000	191.13%	27,149,572	—	—	—

(Note 1): The following code represents the relationship with the endorser/ guarantor:

1. Trading partner.
2. Majority owned subsidiary.
3. The company directly and indirectly holds more than 50% of the investee company.
4. A subsidiary jointly owned over 50% by the Company.
5. Guaranteed by the Company according to the construction contract.
6. The guarantees were provided based on the Company's proportionate share in the investee company.
7. Joint and several guaranteed by the Company according to the pre-construction contract under Consumer Protection Act.

(Note 2): The maximum amount of endorsement/guarantee provided by the Company shall not exceed 7 times of the Company's net worth.

(Note 3): The maximum amount of endorsement/guarantee provided by the Company shall not exceed 7 times of the Company's net worth.

(Note 4): The above details were the transactions before the company lost the control to Kings Garden International Co., Ltd. and Great Emperor Hotel Co., Ltd.

TABLE 2

YIEH HSING ENTERPRISE CO., LTD.
Marketable securities held at the end of the period
December 31, 2020

Unit: Thousands of NT Dollar/ Foreign Currency

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2019				Note
				Shares (in thousands)	Carrying value	Ownership (%)	Fair value	
Yieh Hsing Enterprise Co., Ltd	Fund/ SinoPac CSI 300 Dividend Index Fund	None	Financial assets at fair value through profit or loss - current	221	4,686	—	4,686	
	Fund/ Allianz US Low Average Duration High Yield Fund USD	None	Financial assets at fair value through profit or loss - current	200	1,979	—	1,979	
	Fund/ UBS (TW) Bond Fund - Emerging Asian Markets Bonds 2026 (USD)	None	Financial assets at fair value through profit or loss - current	10	2,919	—	2,919	
	Fund/ Franklin Templeton SinoAm AI Hi-Tech Fund-USD	None	Financial assets at fair value through profit or loss - current	200	2,070	—	2,070	
	Fund/ Amundi TW - Emerging Markets High Yield Bond Fund	None	Financial assets at fair value through profit or loss - current	100	991	—	991	
	Preferred stock/Eliter International Corp.- Preferred stock D	An investee accounted for using equity method	Financial assets at fair value through profit or loss - current	5,934	64,678	—	64,678	
	Preferred stock/Eliter International Corp.- Preferred stock E	An investee accounted for using equity method	Financial assets at fair value through profit or loss - current	4,450	48,152	—	48,152	
	Total			11,115	125,475		125,475	
	Pacific Harbor Stevedoring Corporation	Director of the entity is the Company's chairman	Financial assets at fair value through other comprehensive income - noncurrent	150	4,494	3.00%	4,494	

TABLE 3

YIEH HSING ENTERPRISE CO., LTD.
Purchases from or Sales to Related Parties of at Least NT\$100 Million or 20% of the Paid-in Capital
For The Year Ended December 31, 2020

Unit: Thousands of NT Dollars/Foreign Currency

Purchaser/ seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Note
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Yieh Hsing Enterprise Co., Ltd.	Yieh United Steel Corporation	An investee accounted for using equity method	Purchases	3,506,331	75.27%	T/T or Sight L/C before goods acceptance.	—	—	—	—	—

TABLE 4

YIEH HSING ENTERPRISE CO., LTD.
Information on Investees (Excluding Information on Investment in Mainland China)
For The Year Ended December 31, 2020

Unit: Thousands of NT Dollar/ Foreign Currency

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the period-end			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2020	December 31, 2019	Shares (in thousands)	Percentage of Ownership	Carrying Value			
Yieh Hsing Enterprise Co., Ltd.	Great Emperor Hotel Co., Ltd.	Kaohsiung City	Hotel industry	2,099,500	2,099,500	209,950	45.44%	2,076,113	(42,689)	(22,079)	(Note 2)
	Kings Garden International Co., Ltd.	Kaohsiung City	Leasing, sales, and development of residential and commercial buildings, department stores	2,119,500	2,119,500	211,950	49.87%	2,077,673	(37,389)	(18,690)	(Note 2)
	United Winner Metals L.P	Virginia, US	Scrap steel recycling	107,334	107,474	—	33.75%	91,738	13,269	4,479	
	Cheng Shin Security Co., Ltd.	Kaohsiung City	Security	4,000	4,000	400	10.00%	2,742	(8,943)	(895)	
	Eliter International Corp.	Kaohsiung City	Construction of buildings	639,772	639,772	64,043	7.42%	598,851	(66,028)	(4,897)	
	E-Da Development Corp.	Kaohsiung City	Leisure development	437,915	437,915	43,791	5.94%	234,844	(322,389)	(19,156)	
	Yieh United Steel Corporation	Kaohsiung City	Steel products related business	20,204	20,204	2,542	0.10%	9,887	(1,877,471)	(1,650)	(Note 1)
	E-Da Health Biotechnology Co., Ltd.	Kaohsiung City	Manufacturer of food additives	3,800	3,800	380	19.00%	3,691	(68)	(13)	
	Total			5,432,025	5,432,165			5,095,539	(2,341,708)	(62,901)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the period-end			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2020	December 31, 2019	Shares (in thousands)	Percentage of Ownership	Carrying Value			
Kings Garden International Co., Ltd	Yi Hua International Co., Ltd.	Kaohsiung City	Leasing, sales, and development of residential and commercial buildings	7,000	7,000	1,169	70.00%	16,100	5,502	—	(Note 3)
	Hua Li International Co., Ltd.	Kaohsiung City	Daily necessities, cosmetics wholesaler	60,000	60,000	6,000	100.00%	46,402	(12,783)	—	(Note 3)
	Total			67,000	67,000			62,502	(7,281)	—	
Great Emperor Hotel Co., Ltd.	Yi Mau Development Co, Ltd.	Kaohsiung City	Department stores, amusement park, and hotel industry	27,520	—	2,752	12.80%	27,494	(204)	(26)	(Note 4)

(Note 1): Due to cross ownership and the adoption of equity method between Yieh Phui Enterprise Co., Ltd. and Yieh United Steel Corporation, investment gain/loss is accounted for using the treasury stock approach. Thus, the income/loss of investee for the period excludes gain/loss accounted for using equity method by Yieh United Steel Corporation in relation to the Company.

(Note 2): The internal gains between Great Emperor Hotel Co., Ltd. and Kings Garden International Co., Ltd. are eliminated under the consolidation basis. And recognized investment loss of \$7,273 thousand and \$16,004 thousand after losing control.

(Note 3): Cause of losing the control to Kings Garden International Co., Ltd, the Company has no control to Yi Hua International Co., Ltd, and Hua Li International Co., Ltd. simultaneously.

(Note 4): Cause of losing the control to Great Emperor Hotel Co., Ltd., the Company has no control to Yi Mau Development Co, Ltd. simultaneously, and recognized investment loss of \$19 thousand before losing control.

TABLE 5

YIEH HSING ENTERPRISE CO., LTD.
Information on main stockholder
December 31, 2020

Name	Number of stockhold	Rate of stockhold
Yieh Phui Enterprise Co., Ltd.	304,654,650	57.41%
Yieh United Steel Corp.	85,717,552	16.15%

Note: The information of major shareholders is based on Taiwan Depository & Clearing Corporation, that calculates the shareholders hold more than 5% of the company's common shares and special shares which have completed but unregistered (including treasury shares) on the last work day of each quarter. And there may be differences due to calculation bases between the share capital recorded in the financial report and the company's actual shares of which delivered without physical registration.

14. SEGMENT INFORMATION

Information regarding business segments has been disclosed in the consolidated financial statements. Therefore, the Company does not disclose such information in the standalone financial statements.

S T A T E M E N T

The Relationship Report for Year 2020 (from January 1, 2020 to December 31, 2020) is compiled in accordance with Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises. Besides, no major discrepancy exists between the disclosed information and the related disclosed information of notes to the financial reports during the foregoing period.

This Statement is hereby made.

Company Name: Yieh Hsing Enterprise Co., Ltd.

Responsible Person: WU, LIN-MAW

March 24, 2021



國富浩華聯合會計師事務所
Crowe (TW) CPAs
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27F-1., No.6, Siwei 3rd Rd.,
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www.crowe.tw

YIEH HSING ENTERPRISIE CO., LTD.

REVIEW OPINIONS TO THE RELATIONSHIP REPORT

ATTN: YIEH SHING ENTERPRISE CO., LTD.

We have completed the review of the 2020 Relationship Report of Yieh Hsing Enterprise Co., Ltd. and we do not find the above-mentioned report significantly violate the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, or the major discrepancy exists between the disclosed information and the related disclosed information of notes to the financial reports for the foregoing period.

Crowe (TW) CPAs

CPA: Hsieh, Jen-Yao

CPA: Tsai, Shu-Man

March 24, 2021

Yieh Hsing Enterprise Co., Ltd.
Overview of Subordinate Company and Controlling Company
December 31, 2020

Unit: Share; %

Name of Controlling Company	Reason for Control	Shareholding of Controlling Company and Pledge Creation Conditions			Conditions of Assignment of Directors, Supervisors and Managers by the Controlling Company	
		Shareholding No.	Shareholding Ratio	Shares Pledged	Position	Name
Yieh Phui Enterprise Co., Ltd.	Yieh Phui Company holds a majority of shares of Yieh Hsing Company.	304,654,386	57.41%	—	Chairman	Representative of Yieh Phui Enterprise Co., Ltd. – WU, LIN-MAW
					Director	Representative of Yieh Phui Enterprise Co., Ltd. – LIN, I-SHOU
					Director	Representative of Yieh Phui Enterprise Co., Ltd. – CHEN, SEN-LONG
					President	CHEN, SEN-LONG
					Financial Vice President	CHEN, YUNG-HSIEN
					Senior Manager	HUANG, CHUN-KAI
					Senior Manager	WENG, WEN-YI

Yieh Hsing Enterprise Co., Ltd.

Conditions of Transactions

December 31, 2020

- I. Purchase (Sale) Transaction: Nil
- II. Property Transaction: Nil
- III. Conditions of Fund Accommodation: Nil
- IV. Conditions of Assets Lease: Schedule I
- V. Conditions of Endorsement Guarantee: Nil

Schedule I

Yieh Hsing Enterprise Co., Ltd.

Conditions of Assets Lease

Year 2020

Unit: NTD Thousand

Type of Transactions	Subject Matter		Leasehold Period	Nature of Lease	Basis for Decision of Rental	Method of Collection (Payment)	Conditions of Comparison with the General Rental Level	Total Amount of Rental for this Period	Conditions of Collection for this Period	Other Contracted Matters
	Name	Location								
Lease	Land of Lot No. 770-1, Zisin Section, Ziguan District	Ziguan District of Kaohsiung City	January 1, 2020 to December 31, 2020	Lease for Business	Mutual Agreement	Collected per Month	Equivalent	218	Normal	Nil

2. 2020 Audit Committee's Auditor's Annual Financial Statements

Report of the Auditing Committee

Yieh Hsing Enterprise Co., Ltd.

The board of directors has prepared the 2020 operating report, consolidated financial statement, which includes the individual entity report, and the deficit offset, among which has been audited and signed off by Crowe Horwath (TW)CPAs. The operating report, consolidated financial statement and the the deficit offset have been audited by the auditing committee and no abnormality found. Thus, the report has been released according to Article 14-4 and Article 219 of the Company Act. Herein kindly ask for approval.

To

The 2021 the Stockholder's Meeting of Yieh Hsing .

Chairman of the Auditing Committee: Yang Der-Yuan

March 24, 2021

The Company's Internal Control Statement Yieh Hsing Enterprise Co., Ltd.
Statement of Internal Control System

Date: March 24, 2021

This Corporation makes the following statement according to the self-evaluation conducted of its internal control system of 2020:

- I. The Company acknowledges that the establishment, implementation and conservation of the internal control system are the responsibilities of the Board of Directors and the managerial officers of the Company. The Company has constructed such a system. The objectives of the internal control system include achieving various objectives in business benefits and efficiency (including profitability, performance, and protection of assets and safety); ensuring the reliability, timeliness, transparency, and regulatory compliance of reporting; and providing reasonable assurance.
- II. The internal control system has inherent constraints, and no matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the above-mentioned objectives. Moreover, the effectiveness of the internal control system may be altered from changes in the environment and under different situations. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company assesses for the effectiveness of the internal control system's design and practices through the effectiveness of internal control system, as stated in the "Protocols and Measures for the Establishment of Internal Control System in Publicly Listed Companies" (hereinafter referred to as "the Protocols"). The criteria adopted by the Protocols 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 categories. Please refer to the "Protocols for The Aforementioned Categories".
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforementioned Protocols.
- V. Based on the aforementioned audit findings, the Company holds that within the aforementioned period, its internal control procedures of December 31, 2020 (including the procedures to monitor subsidiaries), effectiveness and efficiency of operations, reliability, timeliness, transparency of reporting, and compliance with relevant legal regulations, and design and enforcement of internal controls, are effective. The aforementioned goals can be achieved with reasonable assurance.
- VI. This Statement will be an integral part of the annual report and the prospectus of the Company and disclosed. If the aforementioned content contains illegal matters such as any fraudulent information, or some information is intentionally hidden, the Company will entail legal liability in breaching Articles 20, 32, 171, and 174 in the Securities and Exchange Act and face legal consequences.
- VII. The Statement has been resolved by the Company's Board of Directors on March 24, 2021. All of the seven Directors presented at the meeting approved the content of this statement.

Yieh Hsing Enterprise Co., Ltd.
Chairman of the Board: Wu, Lin-Maw (Signature)
President: Chen Sen-Long (Signature)

Company seal: Yieh Hsing Enterprise Co., Ltd.

Company representative: Wu, Lin-Maw