Stock Code: 2034

YC INOX

2020

Annual Report

Printed on May 10, 2021

Annual Report is available at:

https://www.ycinox.com

Taiwan Stock Exchange Market Observation Post System:

https://mops.twse.com.tw

TÜVRheinland CERTIFIED Management System ISO 9001:2015 ISO 14001:2015 ISO 45001:2018 www.tuv.com ID 9105031498

ilac-MRA TAF Testing Laboratory 1894 JIS JQTW10002 JQA

Notice to Readers

This English version annual report is a translation of the Chinese version. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

I. Spokesperson

Name: Chan, Lieh-Lin

Title: Deputy General Manager, Finance Department

Tel: +886-4-889-9666

Email: yftony@ycinox.com

II. Acting Spokesperson

Name: Li, Wei-Li

Title: Senior Manager, Finance Department

Tel: +886-4-889-9666

Email: yf@ycinox.com

III. Address and Phone Number of Headquarters and Mills

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

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

Tel: +886-4-889-9666

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

Tel: +886-4-829-2226

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

Tel: +886-5-551-1100

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

Tel: +886-5-551-5880

IV. Stock Transfer Agent

Name: SinoPac Securities

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

Tel: +886-2-2381-6288

Website: www.sinotrade.com.tw

V. Independent Auditors

Auditors: Done-Yuin Tseng, Shu-Chin Chiang

Company: Deloitte Touche Tohmatsu Limited

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

Tel: +886-2-2725-9988

Website: www.deloitte.com.tw

VI. Overseas Securities Exchange

None.

VII. Corporate Website:

Website: www.ycinox.com

CONTENTs

I. A Letter to Our Shareholders

1.1 2020 Business Report

In 2020, the outbreak of COVID-19 rapidly spread to the world, severely damaged the global economic development, resulting in the shrinking of the overall stainless steel industry demand. In the meantime, the sharp appreciation of the New Taiwan dollar has forced YC INOX, who mainly focuses on exports, with difficult challenges. In addition to reducing inventory and diversifying the source of raw material procurement, as counterstrategy, we also adjust our product portfolio strategy in a timely manner. Moreover, our Turkey mill has entered the construction stage and is expected to be officially mass-produced in the second quarter of 2022. In 2020, the total volume sold in 2020 was reduced by approximately 16.95%, compared to that in 2019, and sales revenue were therefore reduced by approximately 22.02%, while operating profit and net profit after income tax were reduced by approximately 42.07% and 32.09%, respectively.

The following is the business performance report of 2020:

1.1.1 Operation Result:

Unit: NT$ thousands

Items	2020	2019	Variance	Variance (%)
Stainless Steel Tube and Pipe	6,841,412	7,681,747	(840,335)	(10.94%)
Stainless Steel Sheet and Coil	5,644,691	8,334,218	(2,689,527)	(32.27%)
Other Stainless Steel Products	231,049	292,774	(61,725)	(21.08%)
Total	12,717,152	16,308,739	(3,591,587)	(22.02%)

1.1.2 Budget Execution:

Unit: Metric Ton

Items	2020 Actual	2020 Budgeted (Note)	Achievement rate (%)
Stainless Steel Tube and Pipe	84,494	85,270	99.09%
Stainless Steel Sheet and Coil	91,574	93,170	98.29%
Other Stainless Steel Products	3,395	3,320	102.26%
Total	179,463	181,760	98.74%

Note: The updated 2020 annual budget of YC INOX have been adopted by the Board of Directors on December 25, 2020.

1.1.3 Condensed Financial Status and Profitability:

Unit: NT$ thousands

Items / Year		2020	2019
Financial Result	Operating Revenue	12,717,152	16,308,739
	Gross Profit	1,184,615	1,581,591
	Operating Income	464,629	802,108
	Net Income	423,567	623,729
Profitability	Return on total Assets (%)	3.52%	5.41%
	Return on shareholders' equity (%)	5.12%	8.13%
	Ratio of pre-tax income to paid-in capital (%)	11.27%	19.09%
	Profit margin (%)	3.33%	3.82%
	Earnings per share (dollar)	1.04	1.53

1.1.4 Progress in Research and Development:

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

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

Chairman: Chang, Chin-Yu

CEO: Chang, Chin-Yu

Chief Accounting Officer: Li, Wei-Li

1.2 Summary of 2021 Business Plan

1.2.1 Operating Strategy

A. Development of high value-added products and improvement of processing techniques, to increase the competitiveness of our products.

B. Positively expand overseas emerging markets to diversify sales risks.

C. Improve production efficiency and quality, reduce manufacturing costs.

D. Strengthen the implementation of the internal control system to improve the management system.

E. Strengthen employee education and training to improve quality of employees and enhance the quality of work and performance.

1.2.2 2021 Budget

Unit: Metric Ton

Items	2021 Budget	2020 Actual	Growth Rate (%)
Stainless Steel Tube and Pipe	88,040	84,494	4.20%
Stainless Steel Sheet and Coil	101,200	91,574	10.51%
Other Stainless Steel Products	3,360	3,395	(1.03%)
Total	192,600	179,463	7.32%

Explanation:

As far as the industry is concerned, in 2020, the outbreak of COVID-19 severely damaged the global economic development. Under the influence of trade protectionism and tariff barriers in various countries, our exporting market is now facing severe conditions that we have never had, hence, in the future, we will positively expand emerging markets and try to Increase the added values of the product as response. In the short term, since the pandemic has not slowed down, we only moderately adjust the product portfolio for the annual sales volume target to maximize profits.

1.2.3 Important Policies of Production and Marketing

A. Continue to implement automatic equipment, to improve production techniques and efficiency so that the manufacturing costs will reduce.

B. Strengthen and integrate domestic and exporting sales channels and develop high value-added products to enhance market competitiveness.

C. Continuous evaluation of overseas production bases in response to the trend of regional economics of the world.

D. Use financial instruments efficiently and strengthen customer credit inquiries to avoid bad debts and protect the Company’s interests.

II. Corporate Overview

2.1 Date of Incorporation: January 31, 1973

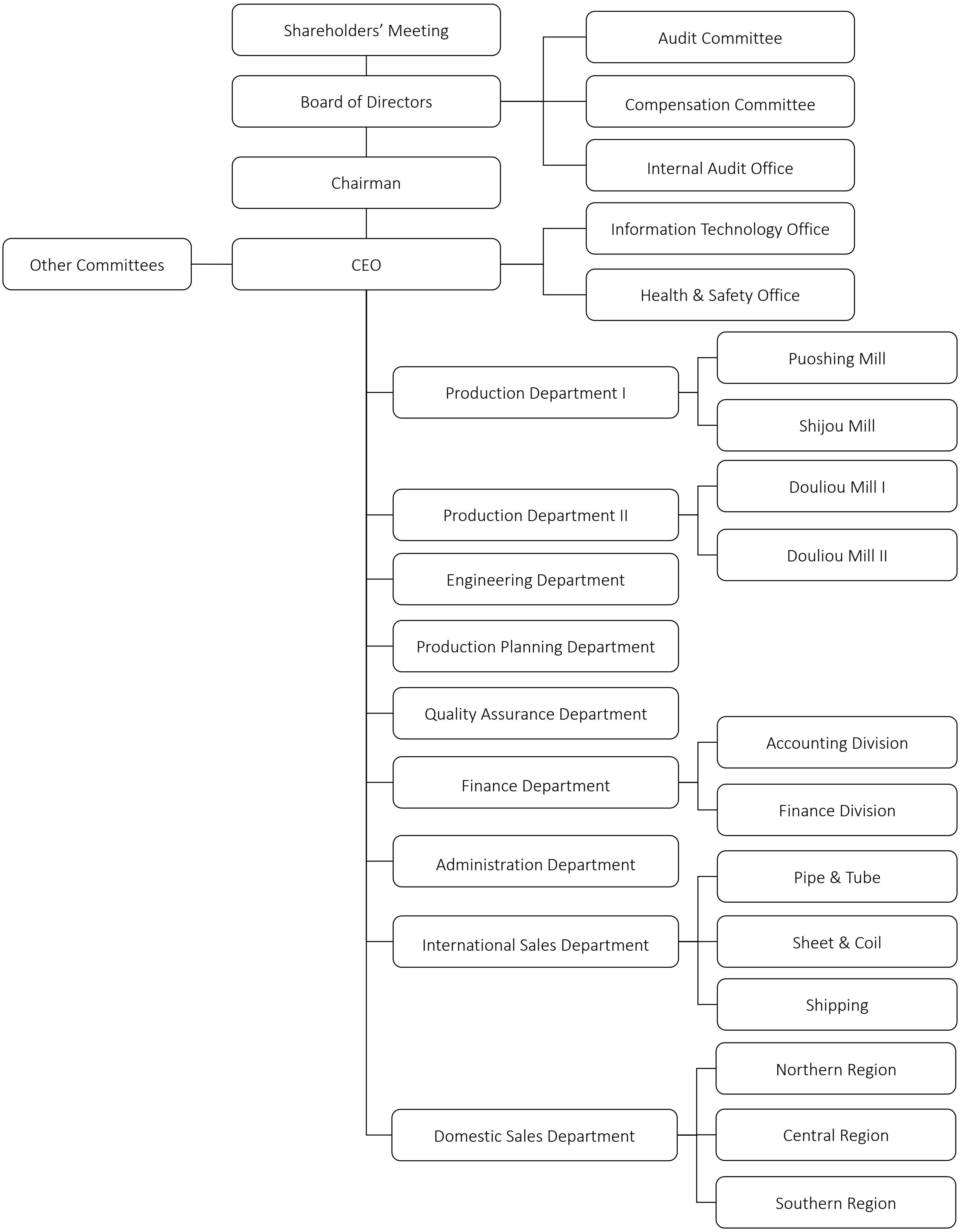
2.2 Corporate Profile

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

III. Corporate Governance Report

3.1 Corporate Organization

3.1.1 Organization Chart



3.1.2 Function of Each Division

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

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

3.2.1 Directors:

A. Profile of Directors (I)

As of April 20, 2021

Title	Nationality	Name	Gender	Date of Elected	Term (Years)	Date of First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor(s) Shareholding		Shareholding by Nominee Arrangement		Education Level and Major Experiences	Current Other Positions in YC INOX and Other Companies	Other Officer, Director or Supervisor who are Spouse or Relatives within Second Degree			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C	Chang, Chin-Yu	M	2018.06.15	3	2006.06.14	4,766,228	1.17	6,029,632	1.38	0	0	0	0	Department of Mechanical Engineering, Hwa Hsia University of Technology; CEO, YC INOX Co., Ltd.	Chairman, Tai Chyang Investment Co., Ltd. Chairman(Representative), Ji-Mao Investment Co., Ltd. Chairman(Representative), YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	Director Director	Chang, Chin-Peng Chang, Shu-Ying	Brother Sister	Note 1
Director	R.O.C	Tai Chyang Investment Co., Ltd. Representative: Chang, Chin-Peng	M	2018.06.15	3	Juridical Person: 2000.04.12 Representative: 1995.10.21	55,042,364 0	13.52 0	59,909,508 30,000	13.71 0.01	— 0	— 0	— 0	— 0	Kuang-Hwa Vocational Senior High School of Technology; Senior Manager, Domestic Sales Department- Southern Region, YC INOX Co., Ltd	Director, Tai Chyang Investment Co., Ltd. Director(Representative), Ji-Mao Investment Co., Ltd.	Chairman Director	Chang, Chin-Yu Chang, Shu-Ying	Brother Sister	
Director	R.O.C	Tai Chyang Investment Co., Ltd. Representative: Chang, Shu-Ying	F	2018.06.15	3	Juridical Person: 2000.04.12 Representative: 2018.06.15	55,042,364 0	13.52 0	59,909,508 30,000	13.71 0.01	— 0	— 0	— 0	— 0	Yuanlin Senior High School; Senior Manager, Domestic Sales Department, YC INOX Co., Ltd	Director, Tai Chyang Investment Co., Ltd.	Chairman Director	Chang, Chin-Yu Chang, Chin-Peng	Brother Brother	
Director	R.O.C	Hsieh, Tien-Shang	M	2018.06.15	3	1974.03.24	3,941,407	0.97	4,159,228	0.95	0	0	0	0	Junior High; Representative of Yonghexing Industrial Co., Ltd.	NA	NA	NA	NA	Note 2
Director	R.O.C	Chan, Lieh-Lin	M	2018.06.15	3	2006.06.14	410,000	0.10	627,632	0.14	0	0	0	0	Bachelor of Accounting, Fu Jen Catholic University; Deputy General Manager, Finance Department, YC INOX Co., Ltd	Director(Representative) of Ji-Mao Investment Co., Ltd. Director, Gongwin Biopharm Holdings Co., Ltd. Deputy Chairman(Representative), YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	NA	NA	NA	
Director	R.O.C	Shih, Sung-Lin	M	2018.06.15	3	2000.04.12	2,256,800	0.55	2,381,521	0.54	0	0	0	0	Elementary; Chairman, Taiwan Food & Pharmaceutical Machinery Manufacturers' Association.; Chairman, Chin Ying Fa Mechanical Ind. Co., Ltd.	Chairman, Chin Ying Fa Mechanical Ind. Co., Ltd. Director, Acelon chemicals & Fiber Corp.	NA	NA	NA	
Independent Director	R.O.C	Pan, Cheng-Hsiung	M	2018.06.15	3	2015.06.17	257,242	0.06	271,458	0.06	70,551	0.02	0	0	Master of Law, National Chengchi University Judge of Taipei District Court	Lawyer of Citadel Law Office; Independent Director, INTAI Technology Corp.	NA	NA	NA	
Independent Director	R.O.C	Chen, Tai-Shan	M	2018.06.15	3	2015.06.17	128,417	0.03	135,513	0.03	0	0	0	0	Master of Accounting, Guangzhou Jinan University; CPA Qualified Deputy General Manager, Taiwan Life Insurance Co., Ltd.	Independent Director, POJU International	NA	NA	NA	
Independent Director	R.O.C	Kuo, Chao-Sung	M	2018.06.15	3	2015.06.17	396,000	0.10	417,884	0.10	76,612	0.02	0	0	Bachelor of Cooperative Economics, National Chung Hsing University; Director, Jin Ding Securities	NA	NA	NA	NA	

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

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

Note 2: Mr. Hsieh, Tien-Shang served as a director from March 24, 1974 to May 13, 1992, whereas he was transferred to serve as a supervisor from May 14, 1992 to June 16, 2015, and was transferred to serve as a director from June 17, 2015.

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

As of April 20, 2021

Name of Juristic Shareholder (Note)	Major Shareholders of Juristic Shareholders	
	Name of shareholders	Shareholding Percentage(%)
Tai Chyang Investment Co., Ltd.	Chang, Chin-Peng	30.07
	Chang, Chin-Yu	24.04
	Chang, Po-Kai	21.62
	Chang, Shu-Ying	11.24

C. Profile of Directors (II)

As of April 20, 2021

Terms / Name	Five or More Years of Experiences or Professional Qualification			Compliances with Independence(Note)												Number of Serving as Independent Director of Other Public Listed Company(ies)
	Lecturer or above in Business, Law, Finance, Accounting or Corporate Business Related Fields	Qualification of Justice, Procurator, Attorney, CPA, Specialist or technician of National Examination in Corporate Business Related Fields	Experience in Business, Law, Finance, Accounting, or Corporate Business Related Fields	1	2	3	4	5	6	7	8	9	10	11	12	
Chang, Chin-Yu			✓						✓		✓	✓		✓	✓	0
Chang, Chin-Peng			✓						✓	✓	✓	✓		✓		0
Chang, Shu-Ying			✓		✓				✓	✓	✓	✓		✓		0
Chan, Lieh-Lin			✓			✓		✓	✓	✓	✓	✓	✓	✓	✓	0
Shih, Sung-Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Hsieh, Tien-Shang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Pan, Cheng-Hsiung		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Chen, Tai-Shan		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Kuo, Chao-Sung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note: Directors or supervisors meet the following criteria in two years prior to the date of appointment and during term of office, correspondence boxes under each criterion shall be ticked.

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; Not applicable in cases where the person concurrently serves as the independent director, which is appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary, of the Company and its parent company, subsidiaries, or any company that shares the same parent company with it;
3. Not an individual shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under other's names, in an aggregate of one percent or more of the total issued shares of the Company or ranks in top 10 in holding the Company's total issued shares;
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs;
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 Article 27, paragraph 1 or 2 of the Company Act; Not applicable in cases where the person concurrently serves as the independent director, which is appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary, of the Company and its parent company, subsidiaries, or any company that shares the same parent company with it;
6. Not a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company; Not applicable in cases where the person concurrently serves as the independent director, which is appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary, of the Company and its parent company, subsidiaries, or any company that shares the same parent company with it;

7. Not the Chairman, CEO, 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: a director (or governor), supervisor, or employee of that other company or institution; Not applicable in cases where the person concurrently serves as the independent director, which is appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary, of the Company and its parent company, subsidiaries, or any company that shares the same parent company with it;
8. Not a director, supervisor, 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; Not applicable in cases where the company or institution holds more than 20% but no more than 50% of the total shares issued by the Company and where the person concurrently serves as the independent director, which is appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary, of the Company and its parent company, subsidiaries, or any company that shares the same parent company with it;
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; provided, this restriction does not apply 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 Act or to the Business Mergers and Acquisitions Act or Securities and Exchange Act;
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company;
11. Not been a person of any conditions defined in Article 30 of the Company Act; and
12. Not a governmental or juridical director, or its representative as defined in Article 27 of the Company Act.

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

As of April 20, 2021

Title	Nationality	Name	Gender	Date of Effective	Shareholding		Spouse & Minor(s) shareholding		Shareholding by Nominee Arrangement		Education Level and Experiences	Current Position with Other Company	Managers are Spouse or within two Degrees of Consanguinity Each Other			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
CEO	R.O.C.	Chang, Chin-Yu	M	1999.11.01	6,029,632	1.38	0	0	0	0	Department of Mechanical Engineering, Hwa Hsia University of Technology; CEO, YC INOX Co., Ltd.	Chairman, Tai Chyang Investment Co., Ltd. Director (Representative), Ji-Mao Investment Co., Ltd. Chairman (Representative), YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	Senior Manager of Domestic Sales Department-Southern Region Senior Manager of Domestic Sales Department	Chang, Chin-Peng Chang, Shu-Ying	Brother Sister	Note 1
Deputy General Manager of General Manager Office	R.O.C.	Chiu, Sheng-Yu	M	2020.10.01	123,850	0.03	0	0	0	0	Master of Department of Materials Science and Engineering, National Taiwan University; Technical Engineer, Whole World Trade Co. Senior Manager of Quality Assurance Department and Deputy General Manager of Production Department, YC INOX Co., Ltd.	N / A	N / A	N / A	N / A	
Senior Manager of General Manager Office	R.O.C.	Kuo, Yuan-Cheng	M	2020.10.01	135,526	0.03	0	0	0	0	Bachelor of Department of Business Administration, National Cheng Kung University Product Manager, Universal Scientific Ind. Co., Ltd.; Exporting Sales, Kenda Rubber Ind. Co., Ltd. Senior Manager of International Sales Department, YC INOX Co., Ltd.	Director (Representative), YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	N / A	N / A	N / A	
Deputy General Manager of Finance Department/ Chief Financial Officer	R.O.C.	Chan, Lieh-Lin	M	2008.03.01	627,632	0.14	0	0	0	0	Bachelor of Accounting, Fu Jen Catholic University; Manager of Administration Department, Ming Yang Traffic Facilities Co., Ltd. Senior Manager of Finance Department, YC INOX Co., Ltd.	Director (Representative), Ji-Mao Investment Co., Ltd. Director, Gongwin Biopharm Holdings Co., Ltd. Deputy Chairman (Representative), YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	N / A	N / A	N / A	
Senior Manager of Accounting Division/ Chief Accounting Officer	R.O.C.	Li, Wei-Li	F	2017.10.01	30,000	0.01	0	0	0	0	Department of International Business, Taiwan Provincial Taichung College of Business; Manager of Internal Audit Office, Chief Internal Auditors, YC INOX Co., Ltd.	N / A	N / A	N / A	N / A	
Deputy General Manager of Domestic Sales Department	R.O.C.	Hsu, Ming-Hsin	M	2008.03.01	184,961	0.04	0	0	0	0	Department of Mechanical Engineering, Hwa Hsia University of Technology; Senior Manager of Domestic Sales Department, YC INOX Co., Ltd.	N / A	N / A	N / A	N / A	
Senior Manager of Domestic Sales Department	R.O.C.	Chang, Shu-Ying	F	2017.10.01	30,000	0.01	0	0	0	0	Yuanlin Senior High School; Manager of Domestic Sales Department, YC INOX Co., Ltd.	Director, Tai Chyang Investment Co., Ltd.	CEO Senior Manager of Domestic Sales Department-Southern Region	Chang, Chin-Yu Chang, Chin-Peng	Brother Brother	
Senior Manager of Domestic Sales Department-Northern Region	R.O.C.	Cheng, Chih-Hsien	M	2017.10.01	40,828	0.01	3,652	0	0	0	Department of Mechanical Engineering, Kuang Wu Industry Junior College; Manager of Domestic Sales Department Northern Region, YC INOX Co., Ltd.	N / A	N / A	N / A	N / A	
Senior Manager of Domestic Sales Department-Southern Region	R.O.C.	Chang, Chin-Peng	M	2017.10.01	30,000	0.01	0	0	0	0	Kuang-Hwa Vocational Senior High School of Technology; Manager of Domestic Sales Department Southern Region, YC INOX Co., Ltd.	Director, Tai Chyang Investment Co., Ltd. Director (Representative), Ji-Mao Investment Co., Ltd.	CEO Senior Manager of Domestic Sales Department	Chang, Chin-Yu Chang, Shu-Ying	Brother Sister	
Senior Manager of Domestic Sales Department-Southern Region	R.O.C.	Lin, Hai-San	M	2021.04.16	20,000	0	0	0	0	0	Fu Jen Catholic Junior High School; Sales Manager, Tru-Flow Ind. Co., Ltd. Manager of Domestic Sales Department-Southern Region, YC INOX Co., Ltd.	N / A	N / A	N / A	N / A	
Senior Manager of International Sales Department	R.O.C.	Yen, Ching-Fang	F	2020.04.08	146,079	0.03	0	0	0	0	Bachelor of Economics Department, University of Toronto; Manager of International Sales Department Pipe & Tube, YC INOX Co., Ltd.	N / A	N / A	N / A	N / A	
Deputy General Manager of Administration Department	R.O.C.	Chen, Ming-Yu	M	2008.03.01	304,821	0.07	66,481	0.02	0	0	Department of Chemical Engineering, Nanya Institute of Technology; Senior Manager of Administration Department, YC INOX Co., Ltd.	Supervisor (Representative), Ji-Mao Investment Co., Ltd.	N / A	N / A	N / A	
Senior Manager of Administration Department	R.O.C.	Chen, Ping-Hsun	M	2019.10.01	40,552	0.01	0	0	0	0	Bachelor of Polymer Engineering Department, National Taiwan University of Science and Technology; Assistant Manager of Quality Assurance Department, Deputy Plant Manager of Shijou Mill and Manager of Administration Department, YC INOX Co., Ltd.	N / A	N / A	N / A	N / A	

Title	Nationality	Name	Gender	Date of Effective	Shareholding		Spouse & Minor(s) shareholding		Shareholding by Nominee Arrangement		Education Level and Experiences	Current Position with Other Company	Managers are Spouse or within two Degrees of Consanguinity Each Other			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Senior Manager of Production Department II; (concurrently served as Plant Manager of Douliou Mill II)	R.O.C.	Chen, Cheng-Po	M	2021.01.01	56,381	0.01	0	0	0	0	Master of Mechanical Department, Feng Chia University; Senior Engineer, Universal Scientific Ind. Co., Ltd.; Plant Manager of Puoshing Mill and Manager of Quality Assurance Department, YC INOX Co., Ltd.	N / A	N / A	N / A	N / A	
Manager of Production Department I (concurrently served as Plant Manager of Puoshing Mill and Shijou Mill)	R.O.C.	Wang, Chuan-Ming	M	2021.01.01	20,000	0	173,289	0.04	0	0	Bachelor of Chemical Engineering Department, Chung Yuan Christian University; Plant Manager of Mailiao Branch, FCFC	N / A	N / A	N / A	N / A	
Plant Manager of Douliou Mill I (Senior Manager)	R.O.C.	Chang, Han-Chou	M	2020.09.01	32,321	0.01	0	0	0	0	Master of Industrial Engineering and Management Department, National Yunlin University of Science and Technology Head of Quality Assurance, Chun Yuan Steel Industry Co., Ltd. Manager of Quality Assurance Department.	N / A	N / A	N / A	N / A	
Senior Manager of Production Planning Department	R.O.C.	Hsu, Chin-Chang	M	2020.06.01	82,763	0.02	63,315	0.01	0	0	Bachelor of Mechanical Engineering Department, National Taiwan University of Science and Technology; Section Supervisor, Chunghwa Picture Tubes, LTD.; Manager of Production Planning Department	N / A	N / A	N / A	N / A	
Senior Manager of Engineering Department	R.O.C.	Tsai, Tzu-Hsing	M	2021.01.01	30,000	0.01	0	0	0	0	Department of Industrial Management, Southern Taiwan University of Technology Deputy General Manager of Production Department, YC INOX Co., Ltd.	N / A	N / A	N / A	N / A	
Manager of Quality Assurance Department	R.O.C.	Chen, Chieh-Yi	M	2020.10.01	90,000	0.02	0	0	0	0	Bachelor of Institute of Industrial Engineering Department, National Formosa University; Assistant Manager of Quality Assurance Department and Deputy Plant Manager of Puoshing Mill, YC INOX Co., Ltd.	N / A	N / A	N / A	N / A	
Assistant Manager of Internal Audit Office/Chief Internal Auditor	R.O.C.	Hung, Hsiao-Hui	F	2020.01.01	47,713	0.01	0	0	0	0	Bachelor of Accounting Department, Shih Chien University; Section Manager of Accounting Division and Internal Audit Office, YC INOX Co., Ltd.	N / A	N / A	N / A	N / A	

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

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

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

3.3.1 Compensation of Directors (including Independent Directors)

Unit: NT$ thousands

Title	Name	Compensation paid to Directors								Sum of A, B, C, and D as a % of Net Income		Compensation Paid to Directors who are also Employees								Sum of A, B, C, D, E, F and G as a % of Net Income		Compensation Paid to Directors by Non-consolidated Affiliates or Parent Company
		Basic Compensation(A)		Severance Pay and Pension (B)		Remuneration (C)		Allowances (D)				Salary, Bonus, and Allowance (E)		Severance Pay and Pension (F)		Employees' profit sharing(G)						
																YC INOX		Consolidated Entities				
		YC INOX	Consolidated Entities	YC INOX	Consolidated Entities	YC INOX	Consolidated Entities	YC INOX	Consolidated Entities	YC INOX	Consolidated Entities	YC INOX	Consolidated Entities	YC INOX	Consolidated Entities	Cash	Share	Cash	Share	YC INOX	Consolidated Entities	
Director	Chang, Chin-Yu Tai Chyang Investment Co., Ltd. Chang, Chin-Peng Chang, Shu-Ying Chan, Lieh-Lin Shih, Sung-Lin Hsieh, Tien-Shang	—	—	—	—	7,524	7,524	420	420	1.88	1.88	19,236	19,236	250	250	4,099	—	4,099	—	7.44	7.44	48
Independent Director	Chen, Tai-Shan Pan, Cheng-Hsiung Kuo, Chao-Sung	1,080	1,080	—	—	3,225	3,225	450	450	1.12	1.12	—	—	—	—	—	—	—	—	1.12	1.12	—

1. Please state the payment policy, standard and structure of the independent directors' compensation, and explain the relevance between the compensation and responsibility, risk, time spent, and other factors borne/devoted by directors:
   The payment of Directors' compensation shall follow the provisions in the Articles of Incorporation, in case the Company results profit for the year, up to 2% of profit may be reserved as compensation for directors. Such compensation can only be paid upon the Compensation Committee and Board of Directors' approval, and shall be reported to the Shareholders' Meeting. The principles of Directors' compensation and the payment of salary and traveling expenditures to directors shall follow the Regulations for the Compensation of Directors and their Concurrently-Serving Functional Committees and refer to the arms' length range of the same industry.
   The Company has stipulated the Regulations for Performance evaluation of the Board of Directors, and has to accordingly evaluate the Directors' performance based on various evaluation indicators each year. The result of the board of directors' performance evaluation of the year was good, such result has reported to the board of directors.
   The performance evaluation and reasonableness of compensation for directors were reviewed and approved by the Compensation Committee and the Board of Directors. The compensation system shall be reviewed from time to time in compliance with actual operating conditions and relevant laws and regulations, to pursue the balance between the Company's sustainable operation and risk control.
2. Except as disclosed in the table above, any compensation paid to the directors in the most recent year for their services provided to the consolidated entities (e.g. served as a non-employee consultant, etc.): none.

Compensation Interval Table

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

3.3.2 Compensation of CEO and Deputy General Managers

Unit: NT$ thousands

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Allowance (C)		Employees' profit sharing (D)				Sum of A, B, C, and D as % of Net Income		Compensation paid by Non-consolidated Affiliates or Parent Company
								YC INOX		Consolidated entities				
		YC INOX	Consolidated Entities	YC INOX	Consolidated Entities	YC INOX	Consolidated Entities	Cash	Share	Cash	Share	YC INOX	Consolidated Entities	
CEO	Chang, Chin-Yu	11,120	11,120	365	365	12,068	12,068	4,920	—	4,920	—	6.72	6.72	48
Deputy General Manager	Chan, Lieh-Lin													
Deputy General Manager	Hsu, Ming-Hsin													
Deputy General Manager	Chen, Ming-Yu													
Deputy General Manager	Chiu, Sheng-Yu													

Compensation Interval Table

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

3.3.3 Status of Employees' Profit Sharing Distributed to Managerial Personnel

For the Year Ended December 31, 2020 Unit: NT$ thousands

Title	Name	Stock	Cash	Total	Sum as a % of Net Income
Chairman / CEO	Chang, Chin-Yu	—	12,959	12,959	2.08
Director / Deputy General Manager of Finance Department	Chan, Lieh-Lin				
Deputy General Manager of Administration Department	Chen, Ming-Yu				
Deputy General Manager of Domestic Sales Department	Hsu, Ming-Hsin				
Deputy General Manager of General Manager Office	Chiu, Sheng-Yu				
Director / Senior Manager of Domestic Sales Department	Chang, Shu-Ying				
Senior Manager of Domestic Sales Department- Northern Region	Cheng, Chih-Hsien				
Director / Senior Manager of Domestic Sales Department- Southern Region	Chang, Chin-Peng				
Senior Manager of Engineering Department	Tsai, Tzu-Hsing				
Senior Manager of Production Planning Department	Hsu, Chin-Chang				
Plant Manager of Douliou Mill I (Senior Manager)	Chang, Han-Chou				
Senior Manager of General Manager Office	Kuo, Yuan-Cheng				
Senior Manager of International Sales Department	Yen, Ching-Fang				
Senior Manager of Administration Department	Chen, Ping-Hsun				
Senior Manager of Production Department II	Chen, Cheng-Po				
Senior Manager of Domestic Sales Department- Southern Region	Lin, Hai-San				
Senior Manager of Accounting Division / Chief Accounting Officer	Li, Wei-Li				
Assistant Manager of Internal Audit Office / Chief Internal Auditor	Hung, Hsiao-Hui				

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

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

Unit: NT$ thousands

Items	YC INOX and all companies in the consolidated entities	
	2020	2019
Net Income	423,567	623,729
Total Compensation Paid to Directors as % of Net Income	3.00	2.92
Total Compensation paid to CEO and Deputy General Managers as % of Net Income	6.72	5.38

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

Article 30 of the Company's Articles of Incorporation:

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

1. The compensation paid to Directors of the Company:

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

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

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

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

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

   The performance evaluation of the Company's managerial officers not only considers the Company's overall operating performance, future business risks and development trends of the industry, but also the individual's performance achievement rate and contribution to the Company's performance to grant the reasonable compensation. The payment shall be determined in compliance with the Policies and Regulations of Salary and Compensation and salary-related management regulations of the Company. This shall be sufficient to commend the responsibility and risk they bear.

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

3.4 Implementation of Corporate Governance

3.4.1 Operation of the Board of Directors

Board Meetings were held 7 times(A) in 2020. The attendance status of directors is shown as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of Attendance in Person (B/A)	Remarks
Chairman	Chang, Chin-Yu	7	0	100%	
Director	Chang, Chin-Peng	7	0	100%	
Director	Chang, Shu-Ying	7	0	100%	
Director	Chan, Lieh-Lin	7	0	100%	
Director	Shih, Sung-Lin	7	0	100%	
Director	Hsieh, Tien-Shang	7	0	100%	
Independent Director	Pan, Cheng-Hsiung	7	0	100%	
Independent Director	Chen, Tai-Shan	7	0	100%	
Independent Director	Kuo, Chao-Sung	7	0	100%	

Other matters to be recorded:

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

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Annually. The performance evaluation shall be completed before the end of the first quarter of the following year	From January 1,2020 to December 31,2020	The Board of Directors	Self-evaluation of the board performance	A. Involvement in the operation of the Company; B. Improvement of the quality of the Board of Directors' decision making; C. Composition and structure of the Board of Directors; D. Election and continuing education of the directors; and E. Internal control.
		The members of Board of Directors	Self-evaluation of the performance of board members	A. Familiarity with the goals and tasks of the Company; B. Awareness of the duties of a director; C. Involvement in the operation of the Company; D. Management of internal relationships and communication; E. The director's professionalism and continuing education; and F. Internal control.
		The functional committees	Self-evaluation of the performance of functional committees (including Auditing Committee and Compensation Committee)	A. Involvement in the operation of the Company; B. Awareness of the duties of the functional committee; C. Improvement of the quality of the functional committees' decision making; D. Composition of the functional committee and election of its members; and E. Internal control.

According to the Regulations for Performance Evaluation of the Board of Directors, the Finance Department is responsible for the implementation of the 2020 performance evaluation for the Board of Directors. The internal questionnaire is adopted for such evaluation and was completed in Feb. 2021 when all of the self-evaluation questionnaires of the Board, the members of the Board, and the Functional committees were collected. All directors are familiar with the goals and tasks of the Company and aware of their duties, be able to give specific suggestions for proposals, and persist in strengthening professional knowledge and skill. The management team is conscientious and responsible, and the internal controls are effectively implemented.

Evaluation results for self-evaluation of the board, the members of the Board, and the Functional committees are all excellent. The result will not only be used as a reference when nominating or electing directors, but also be used for determining their salary and compensation. The results have been reported to the 2021 1st Board Meeting.

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

(1) In order to strengthen corporate governance and enhance information transparency, YC INOX has set up three seats of independent directors, and all independent directors form the Audit Committee to improve the effectiveness of the Board of Directors. Please refer to page 17 for the operation status of the Audit Committee. In addition, we plan to elect one more seat of independent director in 2021. (2) All independent directors form the Compensation Committee to assist the Board of Directors in implementing the salary and compensation management function. Please refer to page 27 for the implementation. (3) The directors' continuing education: All directors persist in learning to maintain their core values and professional capabilities. (Please refer to page 25). (4) Consider the sustainable operation of the Company, the nomination of board members will be more youthful. We plan to introduce new young director candidates in 2021.

3.4.2 Operation of Audit Committee

Audit Committee meetings were held 6 times(A) in 2020. The attendance status of independent directors is shown as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of Attendance in Person (B/A)	Remarks
Independent Director	Pan, Cheng-Hsiung	6	0	100%	
Independent Director	Chen, Tai-Shan	6	0	100%	
Independent Director	Kuo, Chao-Sung	6	0	100%	

Other matters to be recorded:

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

<table>
<tr><th>Date/ Session of Board Meeting</th><th>Proposal</th><th>Resolution of the Audit Committee</th><th>Company's Response to the Opinion of the Audit Committee</th><th>Other resolution which were not being approved by the Audit Committee but resolved by more than two-thirds of all the Directors:</th></tr>
<tr><td>March 6, 2020, the 14th meeting of the 16th session</td><td>1. The report of internal control system self-assessment for 2019.
2. The independence evaluation of the certified public accountants.
3. Amendment of the Ethical Corporate Management Best Practice Principles.
4. Amendment of the Procedures for Ethical Management and Guidelines for Conduct.</td><td rowspan="6">Approved by all members presented in the Audit Committee meeting.</td><td rowspan="6">Approved by all directors presented in the board meeting.</td><td rowspan="6">None</td></tr>
<tr><td>March 27, 2020, the 15th meeting of the 16th session</td><td>1. 2019 financial statements.
2. 2019 business report.
3. 2019 earnings distribution.
4. Distribution of capital surplus cash dividend.
5. The appointment of CPA who are responsible for the certification of 2020 financial statements and related audit fee.</td></tr>
<tr><td>June, 24, 2020, the 17th meeting of the 16th session</td><td>1. Amendment of the Codes of Ethical Conduct for the Directors and Managerial Officers.</td></tr>
<tr><td>August 7, 2020, the 18th meeting of the 16th session</td><td>No resolution has been proposed in this meeting.</td></tr>
<tr><td>October, 30, 2020, the 19th meeting of the 16th session</td><td>1. The issuance of new shares of cash capital increase.
2. The issuance of the 3th domestic unsecured convertible corporate bonds.</td></tr>
<tr><td>December, 25, 2020, the 20th meeting of the 16th session</td><td>1. Update of the 2020 budget.
2. 2021 business plan.
3. 2021 annual budget.
4. 2021 internal audit plan.
5. Amendment of the Internal Control Systems.
6. Amendment of the Procedures of Internal Audit Implementation.
7. Amendment of the Procedures for Self-Assessment of Internal Control System.
8. Amendment of the Accounting System.</td></tr>
</table>

March 26, 2021, the 21th meeting of the 16th session	1. The report of internal control system self-assessment for 2020. 2. The independence evaluation of the certified public accountants. 3. The appointment of CPA who are responsible for the certification of 2021 financial statements and related audit fee. 4. 2020 financial statements. 5. 2020 business report. 6. 2020 earnings distribution.			
May 7, 2021, the 22th meeting of the 16th session	1. 2021Q1 consolidated financial statements 2. The change of the Company's Chief Accounting Officer.			

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

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

Date	Way of communication	Items discussed with chief internal auditor	Items discussed with CPAs
2020.03.06	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items from December 2019 to March 2020. ✧ Review the report of internal control system self-assessment for 2019 and draft the Statement of Internal Control System	
2020.03.27	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items on March 2020.	✧ Report the audit results, key audit matters and material issues of 2019 consolidated and parent company only financial statements. ✧ Explain the impact of the latest laws and regulations.
2020.06.24	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items from March 2020 to June 2020.	
2020.08.07	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items from June 2020 to August 2020.	
2020.10.30	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items from August 2020 to October 2020.	
2020.12.25	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items from October 2020 to December 2020. ✧ Review the 2021 internal audit plan. ✧ Review the amendment of Procedures of Internal Audit Implementation. ✧ Review the amendment of Procedures for Self-Assessment of Internal Control System.	✧ The CPAs provided a written report of audit plan and key audit matters for the 2020 financial statements.
2021.03.26	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items from October 2020 to March 2021. ✧ Reviewing report of internal control system self-assessment for 2020 and draft the Statement of Internal Control System.	✧ Report the audit results, key audit matters and material issues of 2020 consolidated and parent company only financial statements. ✧ Explain the impact of the latest laws and regulations.
2021.05.07	Discussion in the Audit Committee's Meeting	✧ Internal auditors' report for audit items from March 2021 to May 2021.	

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

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

Assessment Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
1. Has the Company stipulated and disclosed its Corporate Governance Best-Practice Principles In Accordance with the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”?	√		In the Board Meeting on November 4, 2016, the Company has approved the stipulation of the Corporate Governance Best-Practice Principles, and disclosed it on the Company’s website and the MOPS.	No significant difference.
2. Shareholding Structure & Shareholders’ Rights (1) Has the Company formulated internal operating procedures to handle shareholders’ recommendations, questions, disputes, and litigations, and implemented these measures accordingly?	√		The Company’s spokesperson or share affairs staff handle the share affairs in accordance with internal operating procedures. If legal issues are involved, the legal adviser appointed by the Company will assist in handling related issues.	No significant difference.
(2) Does the Company possess the list of its major shareholders as well as the beneficial owners of those major shareholders?	√		The Company's share affairs are handled by a professional affairs agency, and there is a dedicated person responsible for the reporting of changes in the shareholding of insiders and major shareholders, and be able to instantly possess the latest list of major shareholders.	No significant difference.
(3) Has the Company established and executed risk management and firewall system between the Company and its affiliated companies?	√		The Company has stipulated the Procedures for transactions between related parties, specific companies and group entities and the Regulations for Subsidiary Management, a complete risk control mechanism and firewall for transactions with related parties has been established.	No significant difference.
(4) Has the Company established internal regulations to prohibit insider trading with undisclosed information?	√		The Company has stipulated the Procedures for prohibition of insider trading regulations, to regulate the Directors, Managerial Officers and employees of the Company, as well as anyone who knows the Company’s internal information based on engagement or controlling relationships, and prohibit any behavior that may involve insider trading. Related education, training and publicity are held from time to time.	No significant difference.
3. Composition and Responsibilities of the Board of Directors (1) Has the Board of Directors drawn up diversity policy for the composition of board members and implement it accordingly?	√		The nomination and election of members of the Company's Board of Directors are based on the Company's Articles of Incorporation, adopts a nomination system, and is planned in accordance with the Company's business type and development. 1. Diversification goals of board members: (1) Basic conditions: gender, age, nationality, etc. (2) The Board of Directors must have more than half of the directors who are not concurrently serving as employees or managerial officers in order to achieve the purpose of supervision. (3) The Directors should possess with diversified talents in management, accounting and finance related to the stainless steel industry, including core capabilities such as leadership, decision-making, business operational judgment, operating management, financial analysis,	No significant difference.

Assessment Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			crisis management, industry expertise, and viewpoint of international trading. (4) More than half of the Independent Directors shall not be re-elected for more than three consecutive terms in order to maintain their independence. 2. The achievement of the diversification goal of board members: All Board members have professional backgrounds and all of them are practical experienced in related industries; There are four directors (44% to total seats of Directors) who also serve as employee, one female director (11% to total seats of Directors), and three independent directors (33% to total seats of Directors), they all have professional backgrounds/experiences such as CPA, lawyers and financial industry executives. Please refer to page 24 for the professional backgrounds and core capabilities possessed by the members of the Board of Directors. The Board of Directors of the company has the necessary professional knowledge, skills and literacy to perform their duties; with diversified backgrounds and practical experience, they continue to strengthen the corporate governance and operational efficiency. The diversification policy for the composition of the Board of Directors and its implementation have been disclosed on the Company's website and MOPS.	
(2) Other than the Compensation Committee and Audit Committee required by the law, has the Company voluntarily established other functional committees?	√		The Company has stipulated the Regulations for functional committees management, and established committees such as Research and Development Committee, Quality Management Committee, Labor Relations Committee, Labor Safety and Health Committee, Labor Retirement Reserve Supervisory Committee, Employee Welfare Committee, Proposal Improvement Committee, etc.	No significant difference.
(3) Has the Company stipulated rules and methods for evaluating the performance of the Board of Directors, implemented such evaluations every year and reported the results of performance evaluation to the Board of Directors; moreover, taken it as reference in compensation and renomination of individual directors?	√		In accordance with the "Regulations for Performance evaluation of the Board of Directors", the Finance Department is responsible for the performance evaluation of the Board of Directors. The 2020 evaluation results have been reported to the Board of Directors for the first time in 2021. The evaluation results will be referred when electing or nominating directors. The implementation of 2020 Board evaluation is separately included in "Operation of the Board of Directors".	No significant difference.
(4) Does the Company regularly evaluate the independence of CPAs?	√		In order to ensure the independence of CPAs and the trustworthiness of their financial reports, the Finance Department evaluates the independence and competence of CPAs once a year. The 2020 evaluation results have been submitted to the Audit Committee and the Board of Directors for review and approval on March 26, 2021.	No significant difference.
4. Does the TWSE/TPEx listed company have an adequate number of corporate governance personnel with appropriate qualifications and appoint a company secretary in charge of corporate governance affairs (including	√		The Company has appointed appropriate qualifications and adequate number of corporate governance personnel. On May 7, 2021, the 22nd Board Meeting of the 16th session, the Board of Directors has approved the appointment of Li, Wei-Li, senior manager of the finance department, as the Chief Corporate Governance Officer, which is the head in charge of corporate governance-related matters.	No significant difference.

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters related to Board Meetings and Shareholders’ Meetings, and producing minutes of Board Meetings and Shareholders’ meetings)?</td><td></td><td></td><td>Regarding the promotion of corporate governance-related matters and the training of Chief Corporate Governance Officer, such information has been disclosed on the Company website, please refer to the Company website (https://www.ycinox.com/tw/ir/ir-336).</td><td></td></tr>
<tr><td>5. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholders section on corporate website and adequately respond to stakeholders' inquiries on material corporate social responsibility (CSR) issues?</td><td>√</td><td></td><td>The Company attaches great importance to the rights and opinions of stakeholders, and has set up a special column for stakeholders on the Company's website, with spokesperson and acting spokespersons acting as external communication channels. In addition, stakeholders can communicate with the Company through various business departments, such as business department and offices, finance department, procurement department, etc. The Company properly responds to important issues of concern to stakeholders (including issues related to CSR).
1. Shareholder communication channel:
(1) Shareholders' Meetings are held in the second quarter of each year. Proposals are voted on a case-by-case basis. Shareholders can also exercise their voting rights by means of electronic transmission to fully participate in the process of voting on proposals.
(2) The annual report and business report are published every year for investors' reference.
(3) The company has been invited to participate in the institutional investor conference every year.
(4) Disclosure of the Company's material information, Shareholders’ Meeting relevant information, information of the contact window of the spokesperson and the share affairs agency in the investor special column of the Company's website (https://www.ycinox.com/tw/ir). Shareholders can reflect their opinions via telephone or e-mail.
2. Employees related:
The Company has set up company web pages and employee personal mailboxes, so that employees can be informed of various messages and announcements; employees can file complaints and reports to the head of the unit in writing, e-mail, verbal or telephone, the company will not disclose the identity of the whistleblower and will protect the safety of the whistleblower from any form of retaliation and threats.
3. Customers/Suppliers:
Customers and suppliers can communicate with the Company through various business departments and annual customer satisfaction surveys. In addition, the company website has a customer/supplier column for them to fully express their opinions.
4. Communities:
The Company assigns a dedicated person to handle the residents’ suggestions or responses to ensure adequate communication and establish a good relationship between neighborhoods.</td><td>No significant difference.</td></tr>
</table>

Assessment Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
6. Does the Company appoint a professional share affairs agent to handle shareholders' meetings related affairs??	√		The Company has appointed the SinoPac Securities Stock Affairs Agency to handle our Shareholders' Meetings affairs.	No significant difference.
7. Information Disclosure (1) Has the Company established a website to disclose information on financials, business and corporate governance?	√		The Company has set up a website to disclose latest information related to financial and corporate governance. The website is https://www.ycinox.com/tw	No significant difference.
(2) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website)?	√		The Company has a dedicated unit responsible for the collection and release of various information of the Company, and has set up a spokesperson in accordance with regulations to be responsible for the disclosure of material internal information of the Company. The company has been invited to participate in the institutional investor conference held by SinoPac Securities on October 30, 2020, to explain the Company's operation, relevant information has been disclosed on MOPS and the Company website.	No significant difference.
(3) Does the Company announce and file its annual financial report within two months after the end of the fiscal year, and announce and file its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	√		The Company's quarterly and annual financial statements, and operating conditions of each month, are all publicly announced and declared within the specified deadline.	No significant difference.
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, continuing education for directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and purchase of liability insurance for directors and supervisors)?	√		1. The implementation of employee rights and employee care: please refer to the labor relations on page 55. 2. The number of training hours of all Directors of the Company in 2020 met the requirements of competent authorities. Please refer to page 25. 3. The implementation of risk management policies and risk measurement standards: please refer to page 171. 4. The implementation of policies of Investor relations, supplier relations, rights of stakeholders and customer: please refer to page 46. 5. The Company has insured liability insurances for its directors, such insurance has been reported to the 6th Board Meeting in 2020.	No significant difference.

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

The Company was ranked 51%-65% of all TWSE companies in the 7th Corporate Governance Evaluation. In response to the results of the 7th Corporate Governance Evaluation, the evaluation indicators that the company has not implemented but have strengthened and improved are as follows:

Evaluation Indicator		Improved	Description of improvement
1.10	Did the Company upload the English versions of Meeting Agenda and supplementary materials 30 days prior to the day of the Annual Shareholders' Meeting?	Yes	The Company will upload the English versions of the Meeting Agenda and supplementary materials 30 days prior to the day of the Annual Shareholders' Meeting.
1.11	Did the Company upload the English Annual Report 7 days prior to the day of the Annual Shareholders' Meeting?	Yes	The Company will upload the English Annual Report 7 days prior to the day of the Annual Shareholders' Meeting.
2.2	Has the Company formulated a diversification policy for Board of Directors and disclosed the specific management objectives as well as its implementation on the Company website and the annual report?	Yes	The company will strengthen the specific management objectives of diversification policy for Board of Directors and its implementation. The diversification of the backgrounds of each directors has been disclosed on the Company website and the annual report.
2.3	Are the Chairman of the Company and the CEO or their equivalent not the same person, or spouse or first degree relatives to each other?	Yes	The Chairman of the Company concurrently serves as the CEO, in order to make the business operation and its verification proceed smoothly, it is necessary to maintain this mechanism. However, considering the long-term need and sound corporate governance, we are currently actively training a successor to succeed the job of CEO. In addition, the Company will increase one independent director seat to the reelection of Board of Directors in 2021 to enhance the functions of the board of directors and strengthen its supervisory function.
2.5	Is it true that the number of the Directors on the Company's Board of Directors who are employees of the Company or its parent, subsidiaries, or affiliates is less than or equal to one-third of the total number of Directors?	Yes	In the event of 2021 Board of Directors re-election, the number of employees of the Company or its parent, subsidiaries, or affiliates will be less than or equal to one-third of the total number of Directors.
2.13	Did members of Compensation Committee attend meetings at least twice a year, and does the company disclose information on policies, systems, standards and structures that regularly review the directors', supervisors', and managerial officers' performance evaluation and salary remuneration?	Yes	There were two Compensation Committee meetings held in 2020. In 2021, the first Compensation Committee has held, its related information is disclosed in the Annual Report.
2.21	Has the Company appointed a Chief Corporate Governance Officer to be responsible for corporate governance-related matters, and disclosed on the Company website and annual report the scope of his/her duties and rights, businesses executed in the year, and the status of continuing education?	Yes	On May 7, 2021, the 22nd Board Meeting of the 16th session, the Board of Directors has approved the appointment of Li, Wei-Li, senior manager of the finance department, as the Chief Corporate Governance Officer, which is the head in charge of corporate governance-related matters. Such information has been disclosed.
2.28	Has the Company stipulated standards for the appointment, dismissal and evaluation of internal auditors, and their remunerations has been reported to the Board of Directors or reported by the Chief Internal Auditor to the Chairman for approval, and disclosed on the Company website?	Yes	The Company's Board of Directors approved the amendment of the Article 3 of Corporate Governance Best Practice Principles on May 7, 2021, regulates that the appointment, dismissal and evaluation of internal auditors, and their remunerations shall be reported by the Chief Internal Auditor to the Chairman for approval.
3.2	Has the Company disclosed material information in English and Chinese simultaneously?	Yes	The Company has disclosed material information in English and Chinese simultaneously from June 18, 2020.

Evaluation Indicator		Improved	Description of improvement
4.2	Has the Company established an exclusively (or concurrently) ethical corporate management dedicated unit to stipulate the ethical corporate management policy and prevention plans, and its supervision and implementation, and disclosed the unit's operation and implementation on the Company website and annual report, and report to the Board of Directors at least once a year?	Yes	The Company will amend the Article 17 of Ethical Corporate Management Best Practice Principles, regulates that the Finance Department will be responsible for the supervision and implementation.
4.3	Does the Company regularly disclose on the Company website or annual report its concrete plans for promoting corporate social responsibility and the results of the implementation of those plans?	Yes	The Company has disclosed the specific promotion plan and implementation improvement of corporate social responsibility on the Company website.
4.14	Does the Company website or annual report disclose the identity of the identified stakeholders, their issues of concern, the company's communication channels and response methods?	Yes	The Company will disclose such information on the Company website and annual report in accordance with the requirements of the indicators.

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

Name	Gender	Served as an employee of the Company	Age			Terms of Independent Directors	Core Capabilities						
			Less than 60	61 to 70	70 and above	2 Sessions	Leadership and decision-making	Business operational judgment	Operating management	Financial and Accounting analysis	Crisis management	Industry expertise	Viewpoint of international trading
Chang, Chin-Yu	M	✓	✓				✓	✓	✓	✓	✓	✓	✓
Chang, Chin-Peng	M	✓	✓				✓	✓	✓		✓	✓	✓
Chang, Shu-Ying	F	✓	✓				✓	✓	✓		✓	✓	✓
Chan, Lieh-Lin	M	✓	✓				✓	✓	✓	✓	✓	✓	✓
Shih, Sung-Lin	M				✓		✓	✓	✓	✓	✓	✓	✓
Hsieh, Tien-Shang	M				✓		✓	✓	✓		✓	✓	
Chen, Tai-Shan	M		✓			✓	✓	✓	✓	✓	✓	✓	✓
Pan, Cheng-Hsiung	M			✓		✓	✓	✓	✓		✓		✓
Kuo, Chao-Sung	M		✓			✓	✓	✓	✓	✓	✓		✓

➢Continuing education of Directors and Independent Directors in 2020

Title	Name	Date	Host	Course Title	Training Hours
Chairman	Chang, Chin-Yu	2020/05/08	Taiwan Corporate Governance Association	Take precautions: continuous management of business operations	3.0
		2020/08/07	Taiwan Corporate Governance Association	Practical cases sharing of corporate mergers and acquisitions	3.0
Director	Chang, Chin-Peng	2020/05/08	Taiwan Corporate Governance Association	Take precautions: continuous management of business operations	3.0
		2020/08/07	Taiwan Corporate Governance Association	Practical cases sharing of corporate mergers and acquisitions	3.0
Director	Chang, Shu-Ying	2020/05/08	Taiwan Corporate Governance Association	Take precautions: continuous management of business operations	3.0
		2020/08/07	Taiwan Corporate Governance Association	Practical cases sharing of corporate mergers and acquisitions	3.0
Director	Chan, Lieh-Lin	2020/05/08	Taiwan Corporate Governance Association	Take precautions: continuous management of business operations	3.0
		2020/08/07	Taiwan Corporate Governance Association	Practical cases sharing of corporate mergers and acquisitions	3.0
		2020/12/28	Taiwan Corporate Governance Association	Practical issues of unconventional transactions that directors and supervisors should pay attention to	3.0
Director	Shih, Sung-Lin	2020/05/08	Taiwan Corporate Governance Association	Take precautions: continuous management of business operations	3.0
		2020/06/19	Taiwan Corporate Governance Association	The new labor incident law and the response strategy of enterprises under the impact of COVID-19	3.0
		2020/08/07	Taiwan Corporate Governance Association	Practical cases sharing of corporate mergers and acquisitions	3.0
		2020/11/10	Taiwan Corporate Governance Association	The risk management and continuous operational risk monitoring in the new era	3.0
Director	Hsieh, Tien-Shang	2020/05/08	Taiwan Corporate Governance Association	Take precautions: continuous management of business operations	3.0
		2020/08/07	Taiwan Corporate Governance Association	Practical cases sharing of corporate mergers and acquisitions	3.0
Independent Director	Pan, Cheng-Hsiung	2020/05/08	Taiwan Corporate Governance Association	Take precautions: continuous management of business operations	3.0
		2020/08/07	Taiwan Corporate Governance Association	Practical cases sharing of corporate mergers and acquisitions	3.0
Independent Director	Chen, Tai-Shan	2020/05/08	Taiwan Corporate Governance Association	Take precautions: continuous management of business operations	3.0
		2020/07/16	Securities and Futures Institute	The corporate governance and the securities regulations	3.0
		2020/08/07	Taiwan Corporate Governance Association	Practical cases sharing of corporate mergers and acquisitions	3.0
Independent Director	Kuo, Chao-Sung	2020/05/08	Taiwan Corporate Governance Association	Take precautions: continuous management of business operations	3.0
		2020/08/07	Taiwan Corporate Governance Association	Practical cases sharing of corporate mergers and acquisitions	3.0

3.4.4 Members, Duties and Operation of the Compensation Committee

A. Information of members of Compensation Committee

Title	Criteria / Name	Meet the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note)										Number of Other Public Companies in Which the Member Concurrently Serves as a Remuneration Committee Member	Remarks
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department 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 Specialists Who Has Passed a National Examinations 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, Accounting or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Chen, Tai-Shan		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	
Independent Director	Kuo, Chao-Sung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	
Independent Director	Pan, Cheng-Hsiung		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	

Note: Please tick the corresponding boxes that apply to a member during the two years before 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. Not applicable in cases where the person concurrently serves as the independent director, which is appointed to hold the position concurrently in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary, of the Company and its parent company, subsidiaries, or any company that shares the same parent company with it.

(3) Not a 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 total shares issued by the Company or ranks as one of its top ten natural-person shareholders.

(4) Not a spouse, relative within the second degree of relationship, or lineal blood relative within the third degree of relationship of managerial officers listed in the criterion (1) or individuals listed in the criterion (2) and (3).

(5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total shares issued by the Company, ranks as one of its top five shareholders or designates a representative as the director or supervisor of the Company pursuant to Paragraph 1 or 2, Article 27 of the Company Act. Not applicable in cases where the person concurrently serves as the independent director, which is appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary, of the Company and its parent company, subsidiaries, or any company that shares the same parent company with it.

(6) Not a director, supervisor, or employee of another company whose half of the seats of directors or shares with voting rights is controlled by the same person as the Company. Not applicable in cases where the person concurrently serves as the independent director, which is appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary, of the Company and its parent company, subsidiaries, or any company that shares the same parent company with it.

(7) Not a director (member of the governing board), supervisor (member of the supervisory board) or employee of another company or institution that the Chairman, President or person holds an equivalent position of it are the same person or the spouse of the person holding the aforementioned positions of the Company. Not applicable in cases where the person concurrently serves as the independent director, which is appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary, of the Company and its parent company, subsidiaries, or any company that shares the same parent company with it.

(8) Not a director (member of the governing board), supervisor (member of the supervisory board), managerial officer, or shareholder holding 5% or more of shares of a specified company or institution that has a financial or business relationship with the Company. Not applicable in cases where the company or institution holds more than 20% but no more than 50% of the total shares issued by the Company and where the person concurrently serves as the independent director, which is appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary, of the Company and its parent company, subsidiaries, or any company that shares the same parent company with it.

(9) Not a professional individual who, or an owner, partner, director (member of the governing board), supervisor (member of the supervisory board), or managerial officer of a sole proprietorship, partnership, company, or institution, that provides audit services, or commercial, legal, financial, accounting or related services from which a cumulative amount of remuneration not exceeding NT$500,000 has been obtained in the most recent two years, to the Company or to any of its affiliates, or a spouse thereof. Not applicable in cases where the person is a member of the remuneration committee, the public tender offer review committee or the special committee for merger/consolidation and acquisition who exercises powers pursuant to the Securities and Exchange Act and the Business Mergers and Acquisitions Act.

(10) Not been a person of any conditions defined in Article 30 of the Company Act.

B. Operation of the Compensation Committee

1. YC INOX’s Compensation Committee is composed of three members.
2. The term for current members is from June 15,2018 to June 14, 2021.

Compensation Committee meeting has been convened twice (A) in 2020, the attendances are shown as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of Attendance in Person (B/A)	Remarks
Independent Director	Pan, Cheng-Hsiung	2	0	100%	
Independent Director	Chen, Tai-Shan	2	0	100%	
Independent Director	Kuo, Chao-Sung	2	0	100%	

Other matters to be recorded:

1. If the Board of Directors does not adopt or amend the recommendations made by the Remuneration Committee, the date, session, the content of proposals, resolutions of the Board Meeting and the Company's action in response to opinions from the Remuneration Committee shall be specified (if the remuneration approved by the Board of Directors is better than that recommended by the Remuneration Committee, the discrepancies and related reasons shall be specified): None.
2. If any member of the Remuneration Committee has dissenting opinion or qualified opinion on the resolutions of the Remuneration Committee, where such opinions are documented or issued through written statements, the date, session, the content of proposals, all the members' opinions of the meeting of the Remuneration Committee, and the action in response to these opinions shall be specified: None.
3. Resolutions of the Compensation Committee in 2020:

<table>
<tr><th>Date/ Session of Board Meeting</th><th>Proposal</th><th>Resolution of the Compensation Committee</th><th>Company’s Response to the Opinion of the Compensation Committee</th></tr>
<tr><td>March 27, 2020, the 5th meeting of the 4th session</td><td>1. Reviewed the managerial officers’ year-end bonus principle for 2019 and the rationality of actual payment amount.
2. Discussion of the 2019 distribution of directors’ compensation and employees’ profit-sharing.</td><td rowspan="3">Approved by all members present in the Compensation Committee meeting.</td><td rowspan="3">Approved by all directors present in the board meeting.</td></tr>
<tr><td>October, 30, 2020, the 6th meeting of the 4th session</td><td>1. Reviewed the managerial officers’ profit-sharing bonus principle for 2019 and the rationality of actual payment amount.
2. Reviewed the directors’ compensation principle for 2019 and the rationality of actual payment amount.
3. Reviewed the managerial officers’ salary structure for 2019, its principle and the rationality of actual payment amount.
4. Reviewed each of the managerial officers’ salary structure for 2019, its principle and the rationality of actual payment amount.
5. Approval of the salary of newly appointed managerial officers of 2019.
6. Amendment of the Regulations for Performance evaluation of the Board of Directors.
7. Stipulated the Regulations for cash capital increase share subscription for employees
8. Discussion of number of shares for managerial officers’ cash capital increase share subscription.</td></tr>
<tr><td>March 26, 2021, the 7th meeting of the 4th session</td><td>1. Reviewed the managerial officers’ year-end bonus principle for 2020 and the rationality of actual payment amount.
2. Discussion of the 2020 distribution of directors’ compensation and employees’ profit-sharing.
3. Amendment of the Regulations for management of monthly operating profit sharing.
4. Discussion of the minimum wage and salary adjustment for 2021.</td></tr>
</table>

3.4.5 Implementation of Corporate Social Responsibility, its deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such deviations

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
1. Has the Company conducted risk assessment on environmental, social and corporate governance issues related to corporate operations and formulated relevant risk management policies or strategies based on materiality principle?	√		The Company believes in the business philosophy and major principles of "innovation and breakthrough, pursuit of excellence, quality first, and giving back to the society". While pursuing sustainable operation and profitability, we're trying to fulfill corporate social responsibility, attaching importance to rights and interests of stakeholders. We have formulated the "Corporate Governance Best Practice Principles", "Principles for Operating and Management", and "Environmental Health and Safety Handbook" to implement risk assessments of corporate operating related issues such as environmental, social and corporate governance.	No significant difference.
2. Has the Company established an exclusively (or concurrently) dedicated unit under supervision of senior management authorized by the Board of Directors to promote CSR and report its implementation to the Board of Directors?		√	The Company has not yet established an exclusively (or concurrently) dedicated unit to promote corporate social responsibility. Currently, it is followed by various departments in accordance with their powers and duties.	In the future, the Company will establish a CSR exclusively (or concurrently) dedicated unit based on actual needs.
3. Environmental Issues (1) Has the Company established an appropriate environmental management system based on the characteristics of its industry?	√		The Company has established an ISO14001 environmental management system. Stainless steel products are resources that can be recycled and reused. Since the establishment of the Company, it has been committed to the reuse of resources. The surrounding products produced are all recycled by legal factories, which can be described as the most environmentally friendly industry. The air pollution, water pollution and other wastes derived from the production process in the factories are required to apply to the local competent authority for inspection in accordance with relevant environmental protection laws and regulations and have obtained documents that have passed the inspection.	No significant difference.
(2) Is the Company committed to improving resource utilization efficiency and to the use of renewable materials with low environmental impact?	√		In order to reduce the impact of operations on the environment, the Company has established the acid regeneration system, the acid supply system and the water recycling/treatment system on the Douliou mill II, committed to waste-water recycling and reuse, and continued to reduce the water consumption in the production process. In addition, the Puoshing mill uses anaerobic fluidized bed bioreactor technology (AFB) to decompose nitrate nitrogen, and achieves in advance the national standard for the content (total nitrogen) in the discharged water of 2027.	No significant difference.
(3) Has the Company evaluated the current and future potential risks and opportunities of climate change, and adopted countermeasures related to climate issues?	√		The Company has assessed the current and future potential risks and opportunities of climate change for the Company, and considered them into risk management, actively promoted energy saving and carbon reduction, and installed variable frequency air compressor equipment.	No significant difference.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(4) Has the Company collected statistics of emissions of greenhouse gas(GHG), the usage of water, and the total weight of waste in the past two years; and formulated energy saving and carbon reduction, GHG reduction, water saving, and other waste management policies?</td><td>√</td><td></td><td>The Company's water consumption in 2020 was 41,455 metric tons, an increase of approximately 2% compared to 40,588 metric tons in 2019 (the year that the Douliou mil II started its production). The total amount of waste in 2020 was 1,403 metric tons, which was about 11% less than the 1,581 metric tons in 2019. In order to mitigate the environmental impact caused by the greenhouse gas emissions from the Company’s operations, the Company continues to promote energy conservation and carbon reduction to effectively reduce greenhouse gas emissions. Specific measure is replacing old machines and so on.</td><td>No significant difference.</td></tr>
<tr><td>4. Social Issues
(1) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and the International Bill of Human Rights?</td><td>√</td><td></td><td>In order to fulfill its corporate social responsibility and protect the basic human rights of employees, customers and stakeholders, the company supports and follows the "United Nations Universal Declaration of Human Rights", "International Labour Convention" and other internationally recognized human rights regulations and principles, and treats current employees with dignity and respect, and strictly abide by the labor-related laws and regulations of the Company's residence to ensure that the Company does not invade or violate human rights. Specific actions include setting relevant policies for the protection of human rights in the Company’s labor management system, and strengthening employees’ awareness of human rights protection through education and training, and protecting the legitimate rights and interests of employees.</td><td>No significant difference.</td></tr>
<tr><td>(2) Has the Company formulated and implemented reasonable employee welfare measures (including remuneration, rest and annual leave, and other benefits), and appropriately reflected the operating performance or achievements in the employee remuneration?</td><td>√</td><td></td><td>The Company has formulated regulations of remuneration, various bonuses and performance appraisal and other related measures to effectively link work performance with personal remuneration; in addition, various employee welfare activities and allowances are dealt through the employee welfare committee.</td><td>No significant difference.</td></tr>
<tr><td>(3) Does the Company provide a safe and healthy work environment and regularly offer safety and health training to its employees?</td><td>√</td><td></td><td>The Company is qualified for ISO45001 and CNS45001 safety and health certifications, meanwhile, the Company considers the physical and mental health of employees, and regularly conducts health checkups for all employees, and annual health checkups for special operations employees, to prevent occupational disasters. The Company also invites doctors to visit patients every month, conduct health seminars and training, analyze health examination reports and deal with their symptoms, and disseminate health information to employees from time to time. The Company also hires factory nurses to engage in evacuation, first aid, rest care, or other matters such as protecting the physical and mental health of employees, preventing diseases caused by abnormal workload, and protecting maternal health.</td><td>No significant difference.</td></tr>
<tr><td>(4) Has the Company established effective career development training programs for its employees?</td><td>√</td><td></td><td>The Company has formulated "Regulations for Employees Education and Training", in accordance with the management needs of different management levels, and with reference to the individual needs and personality assessment of employees, to customize individual capability management program to develop to effectively train employees' personal career capabilities. The procedures have been standardized and implemented in accordance with the ISO9001 management system to ensure good quality of training.</td><td>No significant difference.</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(5) Does the Company comply with relevant laws and international standards in health, safety, and privacy of consumers as well as marketing and labeling of its products and services, and establish consumer protection policies and appeals procedures?</td><td>√</td><td></td><td>1. The Company believes in the business philosophy of "innovation and breakthrough, pursuit of excellence, quality first, and giving back to the society", has qualified for various certifications such as ISO9001, TAF, TUV SO14001, TUV ISO45001 and CNS45001, JQA JIS MARK.
2. The Company has formulated the "Regulations for Customer Service", and appointed dedicated after-sales service personnel and established a customer-oriented quality system to establish a deep sense of trust with customers; The complaint hotline and mailbox have been disclosed in the interested parties column of the Company website.</td><td>No significant difference.</td></tr>
<tr><td>(6) Has the Company established supplier management policies, requesting suppliers to comply with relevant regulations on issues regarding environmental protection, occupational safety and hygiene, or labor rights, and disclosed the implementation?</td><td>√</td><td></td><td>The Company has formulated the "Supplier Management Measures" and " Regulations for Procurement Management" to systematically organize and plan procurement matters so that the suppliers can meet the quality, environment, safety and health that we required. When signing a contract, suppliers must confirm that they can comply with the Company’s supplier integrity standards and sign relevant agreements; in addition, the Company organizes supplier education and training every year to share the concept and practice of industrial safety and health with suppliers Approximately 31 supplier representatives participated in the 2020 education and training. In the future, the number of supplier trainees will be increased year by year to strengthen supplier management.</td><td>No significant difference.</td></tr>
<tr><td>5. Has the Company adopted internationally recognized standards or guidelines to prepare non-financial reports such as corporate social responsibility reports? Has the Company obtained a third-party assurance or verification for such reports?</td><td></td><td>√</td><td>The Company has not yet prepared a CSR report that exposes the Company's non-financial information, but it has formulated a complete internal control system and various management measures, which means the efficiency of control is sound.</td><td>In the future, the Company will formulate corporate social responsibility policies and prepare related reports based on actual needs.</td></tr>
<tr><td colspan="5">6. If the Company has formulated its own Corporate Social Responsibility Best Practice Principles in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", please describe the implementation and its discrepancies between the Principles:
The Company has not formulated the " Corporate Social Responsibility Best Practice Principles", but has a complete internal control system and various management measures, and all operations are implemented in accordance with the "Code of Practice for Corporate Social Responsibility", which means the efficiency of control is sound.</td></tr>
<tr><td colspan="5">7. Other important information to facilitate a better understanding of the Company’s corporate social responsibility practices:
(1) Environmental protection: In order to comply with the government's promotion of renewable energy policies, the Company actively reduces the carbon footprint of the Company's products and fulfills its social responsibilities. The Company vigorously promotes energy saving and water saving, environmental greening, paper reduction, etc., and continues to contribute to environmental protection.
(2) Community participation, social contribution, social service, and social welfare: The Company takes "Giving back to the country and benefiting the neighborhoods" as its mission, and continues to create job opportunities, hire handicapped people, set up shelters at bus stations, and voluntarily repair street lights. Donate regularly or irregularly to charities, local associations, schools, and religious institutions.
(3) Consumer rights: The Company has formulated the “Regulations for Customer Service” to properly response to consumer rights.
(4) Safety and health: The Company pays attention to employees' food hygiene and environmental cleanliness, etc., and provides an excellent working environment.</td></tr>
</table>

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

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

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
(2) Does the Company establish an exclusively dedicated unit under the Board of Directors to be in charge of ethical corporate management and report its ethical corporate management policies, programs to prevent unethical behavior, and the supervision of implementation of those policies to the Board of Directors regularly (at least once a year)?	√		In order to improve ethical management, the Company has designated the Administration Department as the dedicated unit responsible for the formulation of ethical management policies and prevention plans, and the Internal Audit office is responsible for the supervision of the implementation, and shall report the implementation to the Board of Directors at least once a year.	No significant difference.
(3) Does the Company formulate policies to prevent conflict of interests, provide appropriate reporting channels, and implement it accordingly?	√		The Company has stipulated regulations such as “Procedures for transactions between related parties, specific companies and group entities”, “Procedures for Ethical Management and Guidelines for Conduct”, “Codes of Ethical Conduct for the Directors and Managerial Officers“ and “Codes of Ethical Conduct for Employees”, clearly stipulate policies to prevent conflicts of interest, and has set up a special column for interested parties on the Company website to ensure their rights and interests.	No significant difference.
(4) Has the Company established effective accounting and internal control systems for ethical corporate management, developed relevant audit plans based on the results of risk assessment of unethical behavior, and audited the status of compliance with the programs to prevent unethical behavior by the internal audit unit or a CPA?	√		In order to ensure the implementation of ethical management, the Company has established an effective accounting system and internal control system. Internal auditors regularly check the compliance of such systems. The Company’s financial statements are audited or reviewed by the CPA every quarter, implementation of such systems are evaluated annually by the CPA as well.	No significant difference.
(5) Does the Company regularly hold internal and external trainings on ethical corporate management?	√		The Company has stipulated the "Regulations for employees education and training" to regularly educate and train employees, it also send employees to participate in relevant courses organized by competent authorities to strengthen employees' awareness of compliance; In addition, in daily business, the company will pay attention to whether employees follow the ethical principles.	No significant difference.
3. Implementation of Whistleblowing System (1) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	√		The Company has stipulated the "Procedures for Ethical Management and Guidelines for Conduct" and the "Codes of Ethical Conduct for Employees", and has set up a hotline and mailbox. The Company also has a dedicated unit to handle related affairs in accordance with applicable regulations. If the reported incident is verified to be true, the Company will response in accordance with the Company’s regulations, and legal actions shall also be taken if there is any violation of the law.	No significant difference.
(2) Does the Company establish standard operating procedures for investigating cases reported, follow-up measures to be adopted after investigation, and related confidentiality mechanisms?	√		The Company has established the investigation procedures for accepting the whistleblows, the follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms.	No significant difference.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(3) Does the Company adopt measures to protect whistleblowers?</td><td>√</td><td></td><td>The Company provides complete protection measures for whistleblowers and will not improperly react to whistleblowing.</td><td>No significant difference.</td></tr>
<tr><td>4. Strengthening information disclosure
Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company website and MOPS?</td><td>√</td><td></td><td>The Company has announced the "Ethical Corporate Management Best Practice Principles" on the Company website. Investors can also find those principles in the "Corporate Governance" column of the MOPS. The Company has also disclosed relevant information on the Company website and the annual report regarding the implementation of ethical management.</td><td>No significant difference.</td></tr>
<tr><td colspan="5">5. If the Company has formulated its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", please describe the implementation and its discrepancies with the Principles:
The Company has established the “Ethical Corporate Management Best Practice Principles” based on the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies”, there is no significant difference between the Company’s implementation practice of the principles and the latter’s requirements.</td></tr>
<tr><td colspan="5">6. Other important information to facilitate a better understanding of the Company’s ethical corporate management practices (e.g. reviews and amends its Ethical Corporate Management Best Practice Principles):
(1) The Company has amended the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct" on March 6, 2020, to specifically regulate the matters that the Company's personnel should pay attention to when performing business.
(2) The Company has established the regulations such as “Procedures for prohibition of insider trading regulations”, “Procedures for management of insider's shareholding transaction”, “Codes of Ethical Conduct for the Directors and Managerial Officers“ and “Codes of Ethical Conduct for Employees”, which clearly stipulate that the Directors, Independent Directors, Managerial Officers and employees should do their best to the care and loyalty of prudent administrator, and uphold the principle of honesty and credibility to perform their business. They shall also sign a confidentiality agreement with the Company, and shall not leak important internal information to outsiders.
(3) The Company has stipulated the “Rules of Procedure for Board of Directors Meeting”, which clearly stipulates the recusal mechanism for conflict-interested Directors.</td></tr>
</table>

3.4.7 Company Who Has Stipulated the Corporate Governance Best-Practice Principles and related Regulations, Shall Disclose its Search Method.

The Company has stipulated the corporate Governance related rules and regulations, and disclosed it on the "Rules and Regulations Related to Corporate Governance" column under the "Corporate Governance" section on MOPS. These rules and regulations are also disclosed and available for download on the Company website. (https://www.ycinox.com/tw)

3.4.8 Other Important Information to Facilitate a Better Understanding of the Implementation of Corporate Governance at the Company:

Please refer to Page 16.

3.4.9 Implementation Status of Internal Control System

A. Statement on Internal Control System

YC INOX Co., Ltd.

Statement of Internal Control System

Date: March 26,2021

According to the results of our self-evaluation, the Company shall make the following statements on our internal control system in 2020:

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

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

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

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

V. Based on the findings of such evaluation, the Company believes that, as of December 31, 2020, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.

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

VII. The Statement was passed by the Board of Directors on March 26, 2021, with none of the eleven attending directors expressing dissenting opinions, and the remainder all approved the content of this Statement.

YC INOX Co., Ltd.

Chairman: Chang, Chin-Yu

CEO: Chang, Chin-Yu

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

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

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

A. Material Resolutions of the Shareholders' Meeting in 2020:

Date of Meeting	Material Resolutions	Implementation Status
June 18, 2020	1. Acceptance of the 2019 Business Report and Financial Statements. 2. Approval of the proposal of 2019 earnings distribution. 3. Amendment of the Articles of Incorporation. 4. Amendment of the Procedures of Lending Funds to Other Parties. 5. Amendment of the Procedures of Endorsement and Guarantee. 6. Approval of the distribution of capital surplus cash dividend.	Implementation in accordance with resolutions. ✧Earnings distribution: The Board of Directors had resolved that the ex-dividend record date was July 21, 2020; Cash dividends were distributed on August 14, 2020, each share was entitled to receive NT$ 1.5 cash dividend.

B. Material Resolutions of the Board of Directors in 2020 up to the Publish Date of the Annual Report:

Date of Meeting	Material Resolutions
March 6, 2020	1. Report on internal control system self-assessment for 2019. 2. The independence evaluation of the certified public accountants. 3. Amendment of the Articles of Incorporation. 4. Amendment of the Rules of Procedure for Shareholder' Meeting. 5. Amendment of the Rules of Procedure for Board of Directors Meeting. 6. Amendment of the Rules Governing the Scope of Powers of Independent Directors. 7. Amendment of the Audit Committee Charter. 8. Amendment of the Compensation Committee Charter. 9. Amendment of the Ethical Corporate Management Best Practice Principles. 10. Amendment of the Procedures for Ethical Management and Guidelines for Conduct. 11. Amendment of the Corporate Governance Best Practice Principles.
March 27, 2020	1. Adoption of the financial statements of year 2019 (parent company only and consolidated). 2. 2019 employees' profit sharing and directors' compensation. 3. Business report of 2019. 4. 2019 Earnings Distribution. 5. Distribution of capital surplus cash dividend. 6. 2020 general shareholders' meetings affairs. 7. Appointment of CPA and information of CPA fees for the year 2020. 8. Investment in ABGENOMICS HOLDING LTD.
May 8, 2020	1. Adoption of the financial statements of 2020Q1. 2. Amendment of the Standards for Level of Authority. 3. Amendment of the Procedures for Organizational Management.
June 24, 2020	1. Approval of the ex-dividend record date for 2019 cash dividends distribution. 2. Amendment of the Codes of Ethical Conduct for the Directors and Managerial Officers.
August 7, 2020	1. Adoption of the financial statements of 2020Q2. 2. Discussion on purchase of commercial building.
October 30, 2020	1. Adoption of the financial statements of 2020Q3. 2. Issuance of 2020 new shares of cash capital increase. 3. Issuance of the 3rd domestic unsecured convertible corporate bonds. 4. Stipulation the Regulations for cash capital increase share subscription for employees. 5. Approval of the proposal of the Managerial officers' cash capital increase shares subscription. 6. Amendment of the Procedures for Organizational Management. 7. Amendment of the Regulations for Performance evaluation of the Board of Directors. 8. Amendment of the Rules Governing the Scope of Powers of Independent Directors 9. Amendment of the Audit Committee Charter.

Date of Meeting	Material Resolutions
October 30, 2020	10. Amendment of the Compensation Committee Charter. 11. Amendment of the Procedures for transactions between related parties, specific companies and group entities.
December 25, 2020	1. To update 2020 annual budget. 2. 2021 business plan. 3. 2021 annual budget. 4. 2021 Internal audit plan. 5. Amendment of the Internal Control Systems. 6. Amendment of the Procedures of Internal Audit Implementation. 7. Amendment of the Procedures for Self-Assessment of Internal Control System. 8. Amendment of the Accounting System. 9. Amendment of the Rules of Procedure for Shareholder' Meeting. 10. Amendment of the Regulations for Election of Directors. 11. Amendment of the Rules of Procedure for Board of Directors Meeting.
March 26, 2021	1. Report on internal control system self-assessment for 2020. 2. The independence evaluation of the certified public accountants. 3. Appointment of CPA and information of CPA fees for the year 2021. 4. Adoption of the financial statements of year 2020 (parent company only and consolidated). 5. 2020 employees' profit sharing and directors' compensation. 6. 2021 employees' salary and minimum wage raise. 7. Amendment of the Regulations for management of monthly operating profit sharing. 8. Amendment of the Rules of Procedure for Shareholder' Meeting. 9. Business report of 2020. 10. 2020 Earnings Distribution. 11. Reelection of Board of Directors. 12. Matters of accepting: eligible shareholders' proposal and nomination of directors (including independent directors). 13. Discussion of director nominees nominated by current Board of Directors, and review for their qualifications. 14. The lifting of non-competition restrictions for newly-elected directors. 15. 2021 general shareholders' meetings affairs.
May 7, 2021	1. Adoption of the financial statements of 2021Q1. 2. The change of the Company's Chief Accounting Officer. 3. Appointment of the Chief Corporate Governance Officer. 4. Amendment of the Corporate Governance Best Practice Principles. 5. Amendment of the Regulations for Property, Plant and Equipment Management. 6. Investment in securities.

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

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

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

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

As of May 7, 2021

Title	Name	Date of Assumption	Date of Resignation or Dismissal	Reasons for Resignation or Dismissal
Chief Accounting Officer	Li, Wei-Li	November 1, 2007	May 7, 2021	To serve as YC INOX's Chief Corporate Governance Officer

3.5 Information of CPA Fees

3.5.1 Information of CPA Fees

Name of CPA Firm	Name of CPA	Audit Period	Remark
Deloitte & Touche	Tseng, Done-Yuin; Chiang, Shu-Chin	January 1,2020 – December 31, 2020	

➢Interval Table of CPA Fees:

Unit: NT$ thousands

	Interval of Fees	Audit Fees	Non-Audit Fees	Total
1	Less than NT$2 million			
2	NT$2 million (incl.)- NT$4 million	2,600	11	2,611
3	NT$4 million (incl.)- NT$6 million			
4	NT$6 million (incl.)- NT$8 million			
5	NT$8 million (incl.)- NT$10 million			
6	NT$10 million (incl.) and above			

1. If the non-audit fees paid to CPAs, their CPA firm and its affiliates exceeds one quarter or more of the audit fees paid thereto, the amounts of audit fees and non-audit fees, and the service scope of non-audit service shall be disclosed: None.
2. If the Company replaces the CPA firm and the audit fees paid to the new CPA firm in the most recent year are lower than the audit fees in the preceding year, the amounts of the audit fees before and after the replacement and the replacement reason shall be disclosed: Not Applicable.
3. If audit fees have decreased by 10% or more in comparison to the preceding year, the decreased amount, decreased percentage and decreasing reason shall be disclosed: Not Applicable.

3.6 Replacement of Certified Public Accountants: In 2020, the Company did not replace the CPAs.

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

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

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

Unit: Shares

Title	Name	2020		As of April 20, 2021	
		Net increase (decrease) in numbers of shares held	Net increase (decrease) in numbers of shares pledged	Net increase (decrease) in numbers of shares held	Net increase (decrease) in numbers of shares pledged
Chairman / CEO	Chang, Chin-Yu	1,263,404	0	0	0
Major shareholder (Juristic Shareholder)	Tai Chyang Investment Co., Ltd	4,867,144	0	0	0
Director (Representative) / Senior Manager of Domestic Sales Department-Northern Region	Representative of Tai Chyang Investment Co., Ltd: Chang, Chin-Peng	30,000	0	0	0
Director (Representative) / Senior Manager of Domestic Sales Department	Representative of Tai Chyang Investment Co., Ltd: Chang, Shu-Ying	30,000	0	0	0
Director	Shih, Sung-Lin	124,721	0	0	0
Director	Hsieh, Tien-Shang	217,821	0	0	0
Director / Deputy General Manager of Finance Department/ Chief Financial Officer	Chan, Lieh-Lin	127,632	0	0	0
Independent Director	Pan, Cheng-Hsiung	14,216	0	0	0
Independent Director	Chen, Tai-Shan	7,096	0	0	0
Independent Director	Kuo, Chao-Sung	21,884	0	0	0
Deputy General Manager of Administration Department	Chen, Ming-Yu	72,821	0	0	0
Senior Manager of Administration Department	Chen, Ping-Hsun	40,552	0	0	0
Deputy General Manager of Domestic Sales Department	Hsu, Ming-Hsin	66,544	0	0	0
Senior Manager of Domestic Sales Department-Northern Region	Cheng, Chih-Hsien	30,567	0	0	0
Senior Manager of Domestic Sales Department-Southern Region	Lin, Hai-San (Note1)	20,000	0	0	0
Senior Manager of General Manager Office	Kuo, Yuan-Cheng	110,526	0	0	0
Senior Manager of International Sales Department	Yen, Ching-Fang	36,079	0	0	0
Plant Manager of Douliou Mill I (Senior Manager)	Chang, Han-Chou	30,121	0	0	0
Deputy General Manager of General Manager Office	Chiu, Sheng-Yu	63,343	0	0	0
Senior Manager of Engineering Department	Tsai, Tzu-Hsing	30,000	0	0	0
Senior Manager of Production Planning Department	Hsu, Chin-Chang	52,763	0	0	0
Senior Manager of Production Department II;	Chen, Cheng-Po	31,381	0	0	0
Senior Manager of Accounting Division/ Chief Accounting Officer	Li, Wei-Li	30,000	0	0	0
Assistant Manager of Internal Audit Office/Chief Internal Auditor	Hung, Hsiao-Hui	16,713	0	0	0

Note1: Newly appointed on April 16, 2021

3.8.2 Shareholding Transfer from/to Related Parties: None.

3.8.3 Shareholding Pledge to Related Parties: None.

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

As of April 20,2021
Unit: Shares

Name	Current Shareholdings		Spouse and Minors Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within the Second Degree of Relationship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Tai-Chyang Investment Co., Ltd.	59,909,508	13.71%	0	0%	0	0%	NA	NA	
Chang, Chin-Yu (Representative of Tai-Chyang Investment Co., Ltd.)	6,029,632	1.38%	0	0%	0	0%	Chang, Wang-Mei	Mother	
Shun-Chyang Investment Co., Ltd.	26,817,298	6.13%	0	0%	0	0%	NA	NA	
Chang, Wang-Mei (Representative of Shun-Chyang Investment Co., Ltd.)	0	0%	0	0%	0	0%	Chang, Chin-Yu	Son	
Sheng-Chyang Investment Co., Ltd.	18,992,047	4.34%	0	0%	0	0%	NA	NA	
Chang, Wang-Mei (Representative of Shun-Chyang Investment Co., Ltd.)	0	0%	0	0%	0	0%	Chang, Chin-Yu	Son	
Chin Ying Fa Mechanical Ind. Co., Ltd.	6,898,000	1.58%	0	0%	0	0%	NA	NA	
Shih, Sung-Lin (Representative of Chin Ying Fa Mechanical Ind. Co., Ltd.)	2,381,521	0.54%	0	0%	0	0%	Shih, Yung-Che Shih, Yu-Lung	Son Son	
Chang, Chin-Yu	6,029,632	1.38%	0	0%	0	0%	Chang, Wang-Mei	Mother	
JPMorgan Chase Bank N.A. Taipei Branch in custody for J.P. Morgan Securities	5,858,039	1.34%	0	0%	0	0%	NA	NA	
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	5,299,800	1.21%	0	0%	0	0%	NA	NA	
Shih, Yung-Che	4,172,114	0.95%	0	0%	0	0%	Shih, Sung-Lin Shih, Yu-Lung	Father Brother	
Hsieh, Tien-Shang	4,159,228	0.95%	0	0%	0	0%	NA	NA	
Shih, Yu-Lung	3,835,060	0.88%	0	0%	0	0%	Shih, Sung-Lin Shih, Yung-Che	Father Brother	

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

As of Dec. 31, 2020
Unit: shares

Affiliated Companies (Note 1)	Ownership by the Company		Ownership by Directors, , Managerial Officers, and Directly/ Indirectly Controlled Entities		Total Ownership	
	Shares	%	Shares	%	Shares	%
Ji-Mao Investment Co., Ltd.	10,000,000	100%	—	—	10,000,000	100%
YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	360 (Note 2)	100%	—	—	360 (Note 2)	100%

Note 1: Equity method used.
Note 2: TRY 1,000 thousand per share, 360 shares in total.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Sources of Capital

Year/Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount (NTD)	Number of Shares	Amount (NTD)	Source of Capital	Capital Increase by Assets Other than Cash	Others
2019.06	10	499,000,000	4,990,000,000	407,130,743	4,071,307,430	—	—	Note 1
2020.12	10	499,000,000	4,990,000,000	437,130,743	4,371,307,430	Cash Capital Increase	—	Note 2

Note 1: Approved by the letter of Jing-Shou-Shang-Zi No. 10801074460 of the Ministry of Economic Affairs dated June 17, 2019.

Note 2: Approved by the letter Jin-Guan-Zheng-Fa-Zi No.1090373712 of the Financial Supervisory commission dated November 25,2020 and letter Jing-Shou-Shang-Zi No. 11001007550 of the Ministry of Economic Affairs dated January 26, 2021

As of April 20, 2021
Unit: shares

Share Type	Authorized Capital			Remarks
	Issued Shares (public listed)	Unissued Shares	Total Shares	
Common Share	437,130,743	61,869,257	499,000,000	—

4.1.2 Shareholder Structure

As of April 20, 2021

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Individuals	Foreign Institutions & Individuals	Total
Number of Shareholders	0	16	67	34,956	136	35,175
Shareholding (shares)	0	6,293,387	120,865,675	267,701,418	42,270,263	437,130,743
Percentage	0%	1.44%	27.65%	61.24%	9.67%	100.00%

4.1.3 Distribution of Equity Ownership

As of April 20, 2021

Interval of Shares Held	Number of Shareholders	Total Shares Held	Shareholding Percentage
1 ~ 999	7,118	1,941,418	0.44 %
1,000 ~ 5,000	19,431	42,114,117	9.63 %
5,001 ~ 10,000	4,130	31,017,120	7.10 %
10,001 ~ 15,000	1,714	20,694,795	4.73 %
15,001 ~ 20,000	778	13,935,360	3.19 %
20,001 ~ 30,000	785	19,093,768	4.37 %
30,001 ~ 40,000	318	10,920,465	2.50 %
40,001 ~ 50,000	222	10,093,378	2.31 %
50,001 ~ 100,000	372	26,014,756	5.95 %
100,001 ~ 200,000	156	21,674,323	4.96 %
200,001 ~ 400,000	67	17,944,079	4.11 %
400,001 ~ 600,000	30	14,556,299	3.33 %
600,001 ~ 800,000	8	5,529,175	1.26 %
800,001 ~ 1,000,000	10	9,021,713	2.06 %
Over 1,000,001	36	192,579,977	44.06 %
Total	35,175	437,130,743	100.00 %

4.1.4 List of Major Shareholders

As of April 20, 2021

Shareholder's Name	Shareholding	
	Shares	Percentage
Tai-Chyang Investment Co., Ltd.	59,909,508	13.71%
Shun-Chyang Investment Co., Ltd.	26,817,298	6.13%
Sheng-Chyang Investment Co., Ltd.	18,992,047	4.34%
Chin Ying Fa Mechanical Ind. Co., LTD.	6,898,000	1.58%
Chang, Chin-Yu	6,029,632	1.38%
JPMorgan Chase Bank N.A. Taipei Branch in custody for J.P. Morgan Securities	5,858,039	1.34%
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	5,299,800	1.21%
Shih, Yung-Che	4,172,114	0.95%
Hsieh, Tien-Shang	4,159,228	0.95%
Shih, Yu-Lung	3,835,060	0.88%

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

Unit: NT$

Item\Year	2019	2020	As of March 31, 2021
Market Price per Share (Note 1)			
Highest	27.65	29.40	29.95
Lowest	24.25	19.80	24.40
Average	26.09	24.22	27.42
Net Worth per Share (Note2)			
Before Distribution	18.29	20.79	19.87
After Distribution	16.79	Undistributed	—
Earnings per Share			
Weighted Average Shares	407,130,743	407,459,510	437,130,743
Earnings Per Share (Note 3)	1.53	1.04	0.45
Dividends per Share			
Cash Dividends	1.50	1.50 (Note 8)	—
Stock Dividends			
✧ Dividends from Retained Earnings	0.00	0.00	—
✧ Dividends from Capital Surplus	0.00	0.00	—
Accumulated Unpaid Dividends (Note 4)	0.00	0.00	
Return on Investment			
Price / Earnings Ratio (Note 5)	17.05	23.28	—
Price / Dividend Ratio (Note 6)	17.39	16.15	—
Cash Dividend Yield Rate (Note 7)	5.75%	6.19%	—

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

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

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

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

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

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

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

Note 8: The figures for 2020 were proposed by the Board of Directors, to be final approved by the shareholders in the Shareholders' Meeting.

4.1.6 Dividend Policy and Implementation

A. Dividend Policy

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

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

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

B. Distribution of dividend of current year

The proposal of 2020 earnings distribution has been adopted by the first Board of Directors meeting in 2021 and will be submitted to the annual general shareholders' meeting for approval. It is proposed to distribute cash dividend of NT$655,696,115, NT$1.5 per share. In the event that the conversion of convertible corporate bonds into ordinary shares or other reasons affects the number of outstanding shares, resulting in a change in the distribution rate, the Chairman has been authorized to adjust related matters.

4.1.7 Impact on Business Performance and EPS Due to Stock Dividend Distribution Proposed in the Current Shareholders' Meeting: Not applicable.

4.1.8 Employee Bonus and Directors' Remuneration

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

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

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

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

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

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

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

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

1. The date of the resolution: March 26,2021.
2. The type of remuneration and amount: The employees' profit sharing will be NT$26,873,078 whereas the directors' compensation will be NT$10,749,231. All will be paid in cash and the amount has no significant difference from the estimated figures.
3. Distribution of employees' profit sharing by way of share, its amount to net income of the current year of the parent company only/consolidated financial statements, and to the total amount of employees' profit sharing: Not applicable.

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

The actual distributed amounts of employees' profit sharing and directors' compensation paid in cash in 2019 approved by the 2020 shareholders' meeting were NT$41,542,159 and NT$16,616,864 respectively. The actual distributed amounts had no significant difference from the estimated figures.

4.1.9 Buyback of Treasury Shares: None.

4.2 Issuance of Corporate Bonds

4.2.1 Issuance of Corporate Bonds

<table>
<tr><td colspan="2">Type of Corporate Bond</td><td>The 3rd domestic unsecured convertible corporate bonds</td></tr>
<tr><td colspan="2">Date of Issuance</td><td>December 15, 2020</td></tr>
<tr><td colspan="2">Face Value per Bond</td><td>NT$100,000</td></tr>
<tr><td colspan="2">Place of Issue and Trading</td><td>N/A</td></tr>
<tr><td colspan="2">Issue Price</td><td>At 100% of par value</td></tr>
<tr><td colspan="2">Total Amount Issued</td><td>NT$1,000,000,000.</td></tr>
<tr><td colspan="2">Coupon Rate</td><td>0%</td></tr>
<tr><td colspan="2">Issuance Period</td><td>Five Years;
Maturity Date: December 15, 2025</td></tr>
<tr><td colspan="2">Guarantee Agency</td><td>N/A</td></tr>
<tr><td colspan="2">Trustee</td><td>Bank SinoPac Co., Ltd.</td></tr>
<tr><td colspan="2">Underwriting Institute</td><td>SinoPac Securities Corporation</td></tr>
<tr><td colspan="2">Certifying Lawyer</td><td>Far East Law Offices, Chiu,Ya-Wen</td></tr>
<tr><td colspan="2">CPAs</td><td>Deloitte & Touche, Tseng,Done-Yuin; Chiang,Shu-Chin</td></tr>
<tr><td colspan="2">Methods of Redemption</td><td>Except convert, sellback and redeem the convertible corporate bonds in accordance with the Rules, the Company shall make the redemption payment by cash at par value upon maturity.</td></tr>
<tr><td colspan="2">Outstanding Principal Balance</td><td>NT$ 1,000,000,000 (As of April 20, 2021)</td></tr>
<tr><td colspan="2">Clauses of Redemption or Advance Repayment</td><td>Refer to the issuance and conversion rules for details.</td></tr>
<tr><td colspan="2">Restrictive Clause</td><td>None</td></tr>
<tr><td colspan="2">Name of Credit Rating Agency, Rating Date, Rating Result of Corporate Bonds</td><td>N/A</td></tr>
<tr><td rowspan="2">Other Rights Attached</td><td>As of the Printing Date of this Annual Report, Amount of Converted (Exchanged or Subscribed) Ordinary Shares, GDRs or Other Securities Converted</td><td>No conversion has been made yet.</td></tr>
<tr><td>Issuance and Conversion (Exchanged or Subscribed) Method</td><td>Refer to the issuance and conversion rules for details.</td></tr>
<tr><td colspan="2">Procedure for Issuance, Conversion, Exchange or Subscription, Its Effect on Equity Dilution and to Existing Shareholders’ Equity</td><td>Before the bondholders exercise the conversion, the corporate bonds do not dilute the Company's equity. Bondholders most likely will exercise the right of conversion at the appropriate time, such timing of request for conversion will be various, which will delay the dilution effect on earnings per share. For existing shareholders’ equity, although the issuance of convertible corporate bonds will slightly increase the Company’s liabilities before the corporate bonds are converted, however, when converting convertible corporate bonds into ordinary shares, in addition to reducing liabilities, it can also increase shareholders' equity. In the long run, the impact on existing shareholders' equity is not profound.</td></tr>
<tr><td colspan="2">Transfer Agent</td><td>None</td></tr>
</table>

4.2.2 Information of Convertible Corporate Bonds

Type of Corporate Bonds		The 3rd domestic unsecured convertible corporate bonds	
Item		Year	
		2020	For the most recent year as of April 20, 2021
Market price of convertible bonds	Highest	129.00	132.00
	Lowest	110.00	117.00
	Average	121.06	123.49
Conversion Price		NT$ 26.0	
Date of issuance and conversion price at issuance		Date of issuance: December 15, 2020 Conversion price at issuance: NT$26.5	
Conditions for conversion		New shares	

4.3 Issuance of Preferred Shares: None.

4.4 Issuance of Global Depository Receipts: None.

4.5 Issuance of Employee Stock Warrants: None.

4.6 Issuance of New Restricted Employee Shares: None.

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

4.8 Implementation of Capital Utilization Plan

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

4.8.2 For the purpose of each plan in the preceding paragraph, the analysis of implement of each plan as of the most recent quarter up to the publication date of this annual report, and its implementation and comparison with the original expected benefits: None.

V. Operation Highlights

5.1 Business Activities

5.1.1 Business Scope

A. Main Business Scope of YC INOX

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

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

B. Revenue Breakdown:

Unit: NT$ thousands

Year / Major Product	2020		2019	
	Sales Amount	%	Sales Amount	%
Stainless Steel Tube and Pipe	6,841,412	53.80	7,681,747	47.10
Stainless Steel Sheet and Coil	5,644,691	44.39	8,334,218	51.10
Other Stainless Steel Products	231,049	1.81	292,774	1.80
Total	12,717,152	100.00	16,308,739	100.00

C. Planned Development of New products:

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

5.1.2 Industry overview:

A. The industry's current situation and its future development:

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

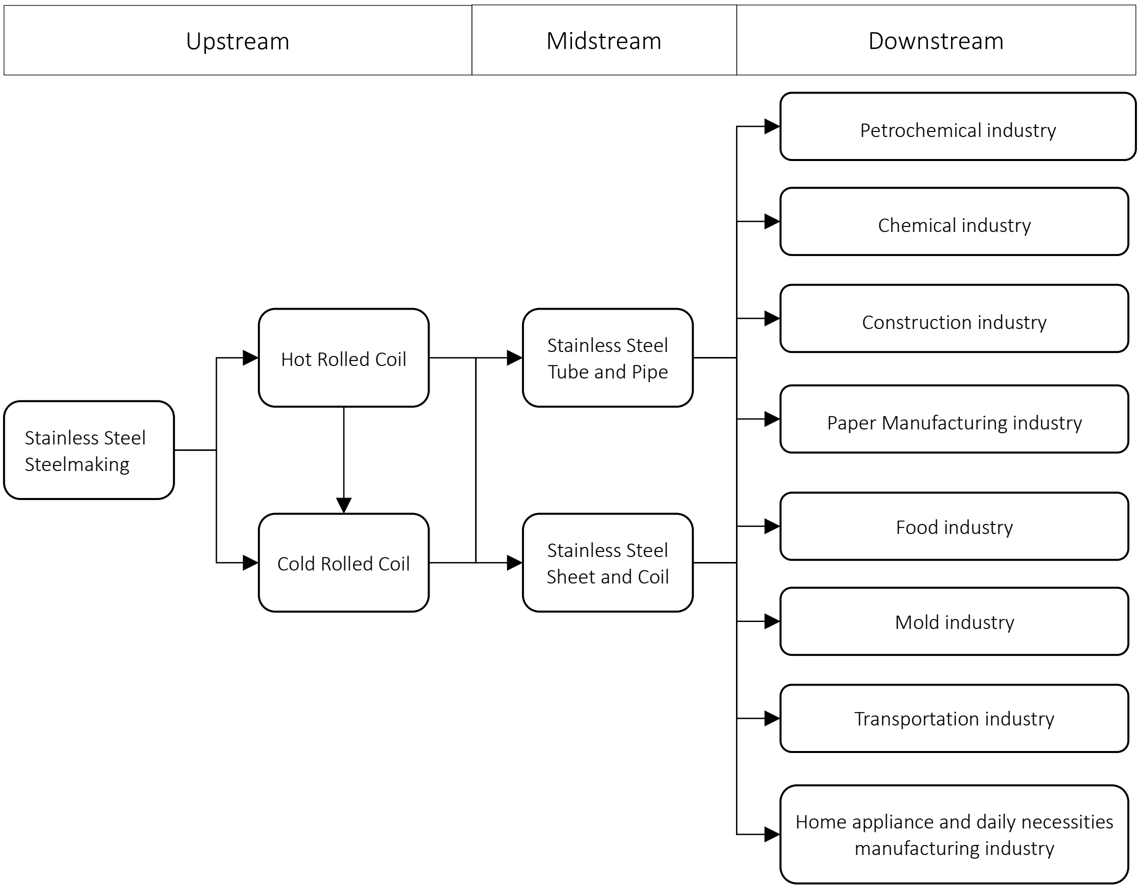
Stainless steel is one kind of special steel, which has the characteristics of beautiful surface, corrosion resistance and oxidation resistance. When industrial products need to have characteristics such as strength, corrosion resistance, processability and other functions, stainless steel is often given priority. Therefore, its applicable range covers almost all fields, such as daily necessities, aerospace technology and nuclear power engineering, etc., has a wide range of uses.

Although the demand for stainless steel products fluctuates with the global economic growth and decline, the output still has a certain market due to the limited supply of nickel ore. However, in the long run, limited by the nickel raw material, it is not easy for the output to increase significantly, but the future decline should not be large as well. Moreover, stainless steel has the characteristics of anti-oxidation, anti-corrosion and recyclability, in the future, it will gradually replace carbon steel. Therefore, the stainless steel industry is expected to grow steadily.

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

The company belongs to the midstream industry of stainless steel. Its upstream is manufacturers engaged in the manufacture of steel embryo, cold-rolled and hot-rolled steel coils. The Company's main business is welding cold-rolled and hot-rolled steel coils into steel pipes or tubes, or slitting, polishing and cutting, etc. Stainless steel products have a wide range of uses and are indispensable materials for various light and heavy industries. Its downstream covers petrochemical, construction, food and machinery industries.

Structure Diagram of Stainless Steel Industry



C. Product development trends:

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

The Company engages in welded stainless steel pipes and tubes manufacturing, develops and implements laser welding technique, which has features such as sophisticated welding quality, high mechanical precision, high reliability, stable quality, high efficiency with low cost, etc. In addition, 100% X-ray weld examination is implemented, and its quality coefficient equals to seamless stainless steel pipe and tube. For certain reason, the manufacture of special fields of piping must use seamless stainless steel pipe and tube, other than that, welded stainless steel pipes and tubes have the advantage of lower prices than seamless stainless steel pipes and tubes, which makes welded stainless steel pipes and tubes a better choice for customers.

2. To fulfill the diverse needs of customers

The Company has a complete production line for stainless steel products, and has set up a complete quality management system. In the future, our focus of manufacturing process research and development will be the implementation of AI, to make our production lines, warehousing and logistics more automated and intelligent to meet customer needs for product quality, ontime delivery, competitive price and service.

D. Product competition:

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

5.1.3 Research and development:

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

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

5.1.4 Long-term and Short-term Development:

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

A. Short-term development plan:

1. Strengthen manufacturing process and technical capabilities to enhance product competitiveness, quality and added value.
2. With the reengineering of production lines and manufacturing process, old equipment is replaced with new ones to enhance the efficiency of environmental protection, energy saving and production.
3. Follow market trends, flexibly adjust business strategies and diversify product portfolios to enhance overall competitiveness.
4. Improve information and communication security protection.

B. Long-term development plan:

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

5.2 Market and Sales Overview

5.2.1 Market Analysis

A. Main Sales regions breakdown:

Unit: NT$ thousands

Region		2018 Amount	2018 %	2019 Amount	2019 %	2020 Amount	2020 %
Domestic		3,009,056	15.73	2,582,955	15.84	2,968,207	23.34
Exports	Asia	2,901,798	15.17	2,575,970	15.79	1,911,655	15.03
	Americas	3,571,099	18.67	3,183,455	19.52	2,372,694	18.66
	Europe	6,175,887	32.28	5,038,151	30.89	2,950,876	23.20
	Oceania	2,446,267	12.79	1,873,852	11.49	1,607,534	12.64
	Africa	1,025,531	5.36	1,054,356	6.47	906,186	7.13
Total		19,129,638	100.00	16,308,739	100.00	12,717,152	100.00

B. Market shares:

Based on the 2020 statistics gathered by the Taiwan Steel & Iron Industries Association, the total sales of welded stainless steel pipes/tubes and stainless steel sheets/coils (including cold-rolled 300 series, 400 series and hot-rolled 300 series) in Taiwan and the Company's sales in the past three years are compared as follows:

Unit: Metric Ton

Items	Quantity		2018 Weight	2018 Growth Rate (%)	2019 Weight	2019 Growth Rate (%)	2020 Weight	2020 Growth Rate (%)
Stainless Steel pipes/tubes-Domestic	Total Sales Volume of TW		108,968	0.32	111,664	2.47	116,527	4.36
	YC INOX	Sales Volume	25,328	(4.28)	24,628	(2.76)	26,591	7.97
		%	23.24		22.06		22.82	
Stainless Steel pipes/tubes-Export	Total Sales Volume of TW		159,160	(5.97)	133,525	(16.11)	119,570	(10.45)
	YC INOX	Sales Volume	74,069	(1.47)	63,891	(13.74)	57,903	(9.37)
		%	46.54		47.85		48.43	

Unit: Metric Ton

Items	Quantity		2018 Weight	2018 Growth Rate (%)	2019 Weight	2019 Growth Rate (%)	2020 Weight	2020 Growth Rate (%)
Stainless Steel Plates and sheets/coils-Domestic	Total Sales Volume of TW		996,349	(10.76)	949,605	(4.69)	1,040,398	9.56
	YC INOX	Sales Volume	13,465	(14.18)	13,159	(2.27)	17,742	34.83
		%	1.35		1.39		1.71	
Stainless Steel Plates and sheets/coils-Export	Total Sales Volume of TW		974,782	(1.13)	877,833	(9.95)	707,360	(19.42)
	YC INOX	Sales Volume	121,858	(11.05)	110,552	(9.28)	73,832	(33.22)
		%	12.50		12.59		10.44	

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

D. Competitive niche:
1. Extensive industry experiences
The Company is a professional stainless steel pipe/tube and plate/coil manufacturer. The Company's management team has extensive management experience, and is familiar with the stainless steel industry and has strong professionalism. They lead the Company to face the ever-changing industrial economic and formulate effective business strategies.
2. Excellent process technology and product quality
The Company has mature production technology, continuous innovation and enrichment of the technical skills of employees. The Company has obtained a number of international quality, technology and environmental safety certifications, and its products are widely used by local and foreign companies, which proves the excellent quality of the products and the products are trusted by customers.
3. Consistent production and Institutionalized inspection mechanism
In order to meet the growing demand for stainless steel pipes/tubes in the country and abroad, the Company continuously introduces advanced machinery and equipment, and strengthens the reengineering of production lines to improve production capacity and production efficiency. The production equipment currently owned by the Company is the most complete and sophisticated in the industry. In order to ensure the stability of the product quality, and the ingredients and specifications can meet the needs of customers, the Company has also introduced many QA inspection equipment to ensure the quality of products.
4. Diversified marketing channels and raw materials sources
After more than 40 years of hard work, the Company has taken a stable leading position in the domestic market and is actively moving towards internationalization. The Company diversifies its sources of materials; on the other hand, it obtains various international quality certifications, which is an advantage to attract internationally renowned customers to diversify business risks.

E. Favorable and unfavorable factors to long-term developments and countermeasures:
1. Favorable factors
(1) The most extensive technology and experience; the most complete product specifications and marketing channels.
(2) Have experience and reputation in providing products to large-scale engineering.
(3) Continue to replace production equipment and strengthen production line process reengineering, which will improve production efficiency, reduce labor costs and manufacturing costs, and make products more competitive.
(4) The production capacity of upstream stainless steel companies has increased significantly, which means that there will be no shortage of material sources in the future and costs can be reduced.
(5) The diversified product portfolio can meet the needs of customers who want to buy all the products at the same time.

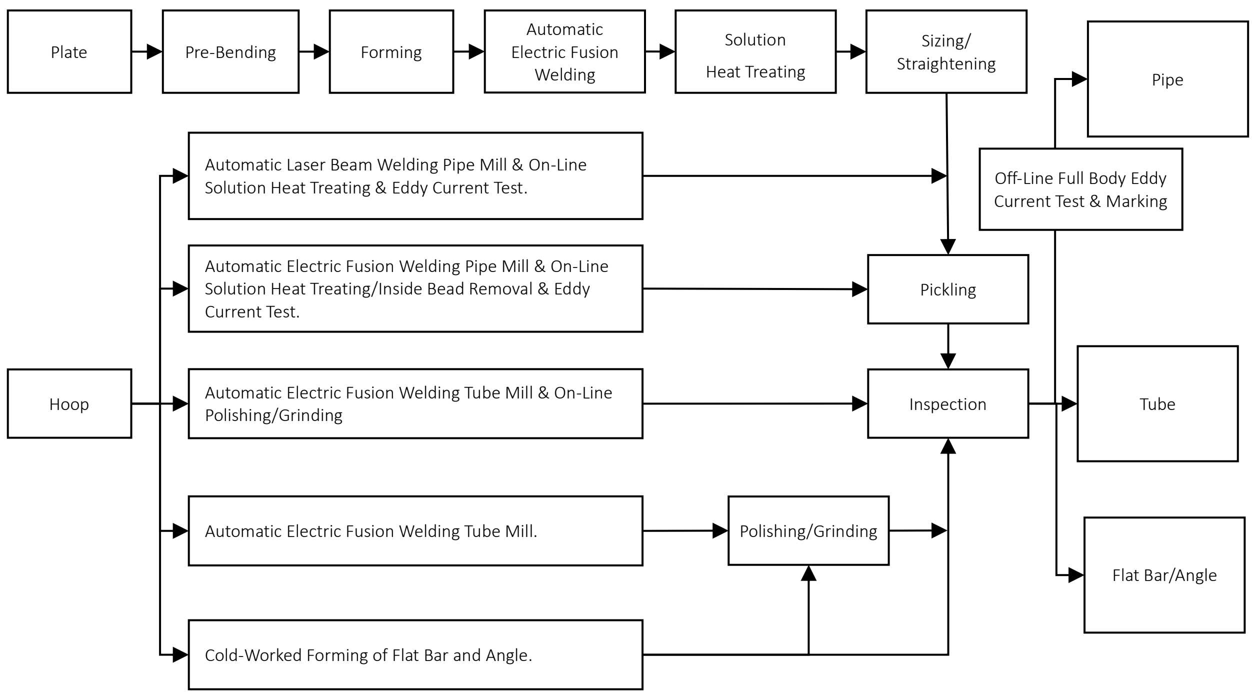
2. Unfavorable factors
(1) The volatility of raw material prices has increased, making inventory control more difficult.
(2) Rising labor awareness and insufficient manpower supply have caused labor costs to rise.
(3) Due to the extremely fierce competition among domestic small and medium-sized factories, customers have other options and bargaining space is created. Therefore, product prices are affected and original profits are reduced.
(4) The exchange rate has fluctuated sharply, making it difficult to set prices for export sales.

3. Countermeasures
(1) Collect domestic and foreign raw material supply and demand data, and keep up with latest market information to strengthen the ability to predict market price trends, as a reference for raw material purchases, and observe exchange rate trends to reduce exchange rate risks.
(2) Improve the working environment and employee welfare policies to attract outstanding talents.
(3) Hire foreign workers to solve the problem of labor shortage.
(4) Maintain stable product quality to establish a good reputation. Through strategic alliances, implement production automation and management rationalization and other measures, to reduce costs and improve competitive advantages.

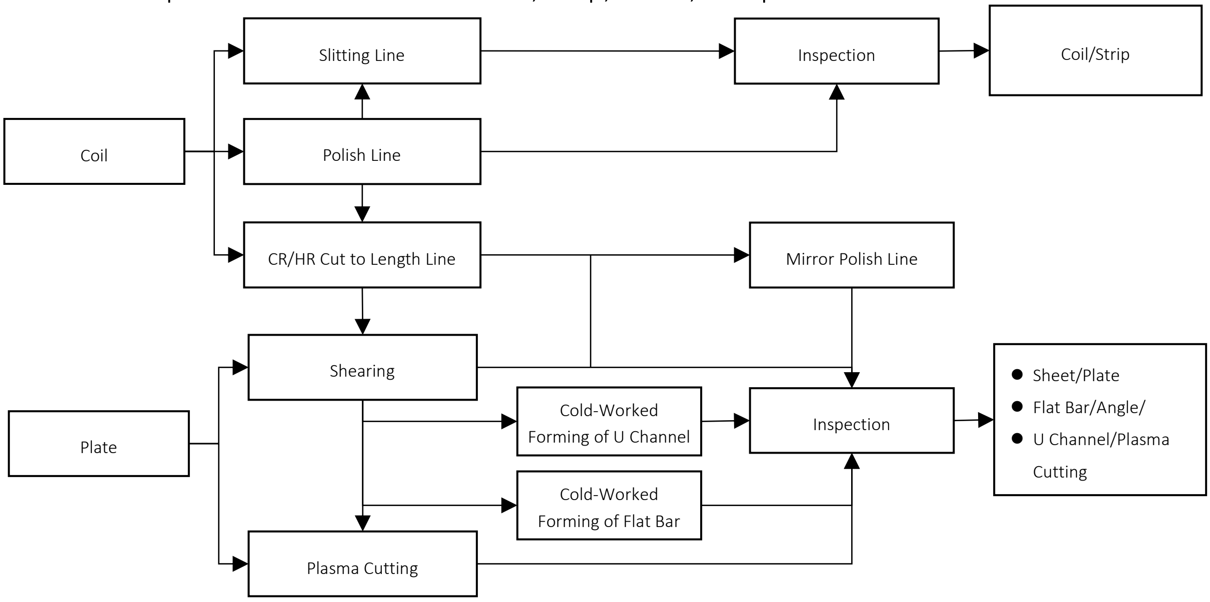
5.2.2 Uses and Production Process of Main Products:

<table>
<tr><th>Main Product</th><th>Applications</th></tr>
<tr><td>Stainless steel tube and pipe</td><td rowspan="3">Used in chemical industry, construction industry, food industry, machinery industry, environmental protection engineering, fire protection engineering, and telecommunications engineering, etc. for various functions such as corrosion resistance, high temperature resistance and pressure resistance. It is also used in handrails, railings, anti-theft doors and windows, and display racks, etc. for various aesthetic purposes.</td></tr>
<tr><td>Stainless steel sheet and coil</td></tr>
<tr><td>Stainless steel flat bar, angle, and U channel, etc.
Other stainless steel products</td></tr>
</table>

A. Production process of stainless steel tube and pipe:



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



5.2.3 Supply of Major Raw Materials

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

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

A. Major suppliers in the most recent two years:

Unit: NT$ thousands

Rank	2019				2020				2021 (As of March 31)			
	Name	Amount	Percentage of net purchase	Relationship with the Company	Name	Amount	Percentage of net purchase	Relationship with the Company	Name	Amount	Percentage of net purchase	Relationship with the Company
1	LXX851	5,052,857	37.89%	5	LXX128	3,785,812	36.58%	5	LXX128	1,419,877	42.86%	5
2	LXX852	3,779,429	28.34%	5	LXX851	3,097,171	29.93%	5	LXX851	1,013,843	30.60%	5
3	LXX128	3,184,363	23.88%	5	LXX852	2,485,902	24.02%	5	LXX852	530,802	16.02%	5
	Others	1,319,393	9.89%		Other	979,495	9.47%		Other	348,307	10.52%	
	Net purchase	13,337,042	100.00%		Net purchase	10,348,380	100.00%		Net purchase	3,312,829	100.00%	

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

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

B. Major customers in the most recent two years:

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

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

Unit: Metric Ton; NT$ thousands

Production Volume and Value / Year / Main Products	2019			2020		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Stainless Steel Tube and Pipe	128,400	87,218	6,646,079	130,200	85,515	6,123,663
Stainless Steel Sheet and Coil	227,400	117,126	7,197,029	227,400	85,467	4,948,209
Other Stainless Steel Products	4,500	3,963	264,819	4,500	3,691	235,216
Total	360,300	208,307	14,107,927	362,100	174,673	11,307,088

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

Unit: Metric Ton; NT$ thousands

Sales Volume and Value / Year / Main Products	2019				2020			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Stainless Steel Tube and Pipe	24,628	2,183,906	63,891	5,497,841	26,591	2,258,068	57,903	4,583,344
Stainless Steel Sheet and Coil	13,159	716,282	110,552	7,617,936	17,742	933,787	73,832	4,710,904
Other Stainless Steel Products	1,423	98,490	2,447	194,284	1,678	103,080	1,717	127,969
Total	39,210	2,998,678	176,890	13,310,061	46,011	3,294,935	133,452	9,422,217

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

Year		2019	2020	2021 (As of March 31)
Number of Employees	Direct Personnel	708	626	648
	Indirect Personnel	204	208	187
	Total	913	834	835
Average of Employees’ Age		35.8	36.8	36.9
Average Years of Service (years)		7.8	9.1	9.1
Distribution of Academic Qualifications	MS/MA	3.00%	3.70%	3.70%
	College	31.70%	34.20%	35.10%
	High School	61.70%	59.10%	58.20%
	Below High School	3.60%	3%	3%

5.4 Information of Environmental Protection Expenditure

5.4.1 Disclose the amounts of loss from environmental pollution (including the violation of the environmental protection related laws by the inspection results, the date of punishment, the serial number of the punishment, the regulations it violates, the reason of the violation, and the content of the punishment should be listed) in the most recent year up to the publication date of this annual report, as well as the estimated amount and corresponding measures that may occur at present and in the future. If a reasonable estimate cannot be made, the reasons for the unreasonable estimate shall be explained: In the most recent year up to the publication date of this annual report, no violation has occurred.

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

5.5 Labor Relations

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

A. Welfare measures and its implementation

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

B. Education, training and its implementation

1. The Company firmly believes that talents are the Company's greatest asset. Only with outstanding talents can we create higher profits. Therefore, the cultivation of talents has been one of the Company's major operational goals throughout the years. For the cultivation of talents, the first priority is education and training. Each year, the Company plans different training projects according to the tasks and job requirements of each department, and arranges annual education and training plans, arranges internal and external training, with the participation of personnel from various departments, to strengthen the cultivation of talents.
2. The Company has stipulated the "Employee Education and Training Measures", which can be divided into general knowledge training for new recruits, basic job training, on-the-job training and annual education and training to effectively implement education and training. The implementation procedures have been standardized and implemented in accordance with ISO9001 to ensure the quality of training.
3. Education and training status of Directors, internal auditors, Chief Accounting Officer and financial statements preparation personnel in 2020:

Personnel	Course Type	Hours Trained
Directors and Independent Directors	Practical Courses	66.0
Internal Auditors	Professional Courses	72.0
Chief Accounting Officer and Financial Statements Preparation Personnel	Professional Courses	36.0

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

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

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

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

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

4. Employee education and training status in 2020: The total training hours of the courses exceeded 11,395 hours, and a total of more than 3,291 people participated in those courses. The total training cost reached NT$490 thousand. The content of these training courses covers management, professional techniques, quality management, environmental safety and health, new employee training, managements’ training, general knowledge education and training, etc.

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

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

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

E. Environmental and occupational safety and health management system:

1. Environmental safety and health policy:

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

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

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

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

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

(5) Continuously optimize performance: Establish goals and plans for pollution prevention, injury and disease prevention, continuously improve related management performance.
(6) Friendly environment: Strengthen the environmental improvement of the workplace and the health management of employees, provide a safe and healthy working environment to prevent work injuries.
2. Work environment description and personal safety protection measures for employees:
(1) The Company firmly believes that employees are the most important asset in the development of the Company, and environment protection is the Company's social responsibility, all disasters can be prevented; The Company continuously strives to prevent occupational accidents and reduce environmental pollution through the introduction of ISO 14001 and ISO 45001 management systems, so as to achieve continuous improvement, comply with the requirements of relevant laws and regulations, and achieve the ultimate goal: zero accident and pollution.
(2) The Company implements the environmental and occupational safety and health management system to assess material environmental and occupational safety and health risks; By identifying the light, medium, and heavy risk items in accordance with the 8-2 rules, The Company sets short, medium and long-term improvement goals and plans, and outstanding effects have been obtained.
3. Energy saving and carbon reduction:
In conjunction with the government's active dissemination of renewable energy policies, the Company actively reduces the carbon footprint of its products and fulfills social responsibilities to enhance the Company's good image and competitiveness.

F. Environment, safety and health dissemination activities
1. Occupational safety and health management plan:
In order to materialize occupational safety and health management and achieve the goal of zero accident, the Company has stipulated safety and health management plans, which have been implemented by various departments. In addition, through the ISO45001 management system, in the labor meeting (held in every three months) of the Safety and Health Committee and the annual management review meeting, the Company appropriately modifies the content of the plans, in order to reduce the Company's hazard and risk year by year.
2. Environmental monitoring on the workplace:
In order to well know the environmental conditions of the workplace, the Company has planned various monitoring items according to the environment of the workplace, and formulated a sampling strategy, taking samples for the most likely exposed persons. The monitoring items are as follows: Noise, organic solvents (toluene, xylene), inhalable dust, total dust, hydrofluoric acid, nitric acid... etc.
3. Automatic inspection measures:
In order to prevent occupational accidents such as labor injuries and deaths due to mechanical failures during use of machinery and equipment, and to ensure the safety of operating machinery, the Company requires the personnel who use machinery and equipment must perform pre-operation inspections, periodic inspections, and overall inspections with various scopes of automatic inspections.
Those inspection items are: high-pressure gas equipment, dangerous machinery (such as crane), local exhaust devices, high and low voltage electrical equipment, stackers, shears, vehicles... etc.
4. Health dissemination:
(1) In order to accurately know the physical health of employees and understand the impact of physical and chemical substances in the workplace on human body, the Company has

implemented health inspections which is superior to the legal frequency. The Company also co-organizes health lectures with large hospitals, and publishes information on safety and health, health care, occupational disasters, and other related information on the bulletin boards, serve as teaching materials for departments' dissemination or internal training.

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

G. Social responsibility

1. Environment protection:

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

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

2. Charitable donations:

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

H. Pension plan and its implementation:

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

I. Various employee rights protection measures:

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

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

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

5.6 Important Contracts

A. YC INOX Co., Ltd.

As of April 20, 2021

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Conditions	Restrictions
Long-term unsecured borrowings	Chang Hwa Commercial Bank	2020.05.29~2021.05.31	Facility amount: NT$ 500 million	None
	Hua Nan Commercial Bank	2020.08.11~2025.08.11	Facility amount: NT$ 100 million	None
	The Export-Import Bank of the Republic of China	2020.03.31~2025.03.31	Facility amount: NT$ 900 million	None
	Bank Of Taiwan	2020.11.20~2023.11.19	Facility amount: NT$ 500 million	None
	E.Sun Bank.	2020.02.21~2023.02.21	Facility amount: NT$ 300 million	None

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

As of April 20, 2021

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

VI. Financial Overview

6.1 Five-Year Condensed Financial Statements

6.1.1 Condensed Balance Sheet and Statement of Comprehensive Income

A. Condensed Consolidated Balance Sheet-IFRS

Unit: NT$ thousands

Item \ Year		Financial information for the most recent five years					As of March 31, 2021 (Note 1)
		2016	2017	2018	2019	2020	
Current assets		7,084,043	7,387,560	6,079,902	6,259,308	5,693,449	6,357,596
Property, plant and equipment		2,553,194	3,316,499	3,734,827	4,609,174	4,644,058	4,606,350
Intangible assets		0	0	0	0	187	1,455
Other assets		1,901,783	1,320,742	1,834,473	1,273,885	2,874,869	2,446,615
Total assets		11,539,020	12,024,801	11,649,202	12,142,367	13,212,563	13,412,016
Current liabilities	Before distribution	3,926,161	3,945,919	3,462,972	3,826,106	2,439,496	3,142,092
	After distribution	4,658,996	4,678,754	4,195,807	4,436,802	Note 2	—
Non-current liabilities		133,818	520,110	306,679	867,981	1,683,692	1,582,699
Total liabilities	Before distribution	4,059,979	4,466,029	3,769,651	4,694,087	4,123,188	4,724,791
	After distribution	4,792,814	5,198,864	4,502,486	5,304,783	Note 2	—
Equity attributable to owners of the Company		7,479,041	7,558,772	7,879,551	7,448,280	9,089,375	8,687,225
Capital stock		4,071,307	4,071,307	4,071,307	4,071,307	4,371,307	4,371,307
Capital surplus		1,663,578	1,663,578	1,663,578	1,663,578	1,882,352	1,882,352
Retained Earnings	Before distribution	1,744,062	1,823,887	1,994,259	1,899,056	1,832,412	2,030,228
	After distribution	1,011,227	1,091,052	1,261,424	1,410,499	Note 2	—
Other equity		94	0	150,407	(185,661)	1,003,304	403,338
Treasury stock		0	0	0	0	0	0
Non-controlling interest		0	0	0	0	0	0
Total equity	Before distribution	7,479,041	7,558,772	7,879,551	7,448,280	9,089,375	8,687,225
	After distribution	6,746,206	6,825,937	7,146,716	6,837,584	Note 2	—

Note 1: Has been reviewed by the CPAs.

Note 2: The appropriation of the 2020 earnings has been proposed by the Company's board of directors on March 26, 2021, it was adopted that the Company will appropriate cash dividend of NT$1.5 per share (NT$655,696 thousand in total), to be approved by the shareholders in the shareholders' meeting to be held in June 18, 2021.

B. Condensed parent company only balance sheet-IFRS

Unit: NT$ thousands

Item \ Year		Financial information for the most recent five years				
		2016	2017	2018	2019	2020
Current assets		7,021,051	7,339,990	6,037,905	5,723,479	4,786,659
Property, plant and equipment		2,553,194	3,316,499	3,734,827	4,221,623	4,320,288
Intangible assets		0	0	0	0	187
Other assets		1,964,705	1,368,242	1,876,400	2,190,022	4,083,144
Total assets		11,538,950	12,024,731	11,649,132	12,135,124	13,190,278
Current liabilities	Before distribution	3,926,091	3,945,849	3,462,902	3,819,917	2,417,532
	After distribution	4,658,926	4,678,684	4,195,737	4,430,613	Note
Non-current liabilities		133,818	520,110	306,679	866,927	1,683,371
Total liabilities	Before distribution	4,059,909	4,465,959	3,769,581	4,686,844	4,100,903
	After distribution	4,792,744	5,198,794	4,502,416	5,297,540	Note
Equity attributable to owners of the Company		7,479,041	7,558,772	7,879,551	7,448,280	9,089,375
Capital Stock		4,071,307	4,071,307	4,071,307	4,071,307	4,371,307
Capital Surplus		1,663,578	1,663,578	1,663,578	1,663,578	1,882,352
Retained Earnings	Before distribution	1,744,062	1,823,887	1,994,259	1,899,056	1,832,412
	After distribution	1,011,227	1,091,052	1,261,424	1,410,499	Note
Other equity		94	0	150,407	(185,661)	1,003,304
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	7,479,041	7,558,772	7,879,551	7,448,280	9,089,375
	After distribution	6,746,206	6,825,937	7,146,716	6,837,584	Note

Note: The appropriation of the 2020 earnings has been proposed by the Company's board of directors on March 26, 2021, it was adopted that the Company will appropriate cash dividend of NT$1.5 per share (NT$655,696 thousand in total), to be approved by the shareholders in the shareholders' meeting to be held in June 18, 2021.

C. Condensed consolidated statement of comprehensive income-IFRS

Unit: NT$ thousands

Item \ Year	Financial information for the most recent five years					As of March 31, 2021 (Note)
	2016	2017	2018	2019	2020	
Net revenue	17,624,922	19,265,629	19,129,638	16,308,739	12,717,152	3,391,722
Gross profit	1,801,961	1,995,245	2,020,449	1,581,591	1,184,615	411,626
Income from operations	967,214	1,091,710	1,131,110	802,108	464,629	156,667
Non-operating income and expenses	(35,887)	(108,447)	16,953	(24,744)	47,497	118,645
Income before income tax	931,327	983,263	1,148,063	777,364	512,126	275,312
Net income generated from continuing operating segment	793,563	816,188	909,851	623,729	423,567	197,816
Net loss generated from discontinuing operating segment	0	0	0	0	0	0
Net income (loss)	793,563	816,188	909,851	623,729	423,567	197,816
Other comprehensive income (loss)	5,539	(3,622)	115,060	(322,016)	1,187,311	(599,966)
Total comprehensive income (loss)	799,102	812,556	1,024,911	301,713	1,610,878	(402,150)
Net income attributable to owners of the company	793,563	816,188	909,851	623,729	423,567	197,816
Net income attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributable to owners of the company	799,102	812,556	1,024,911	301,713	1,610,878	(402,150)
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	0
Earnings per share (NT$)	1.95	2.00	2.23	1.53	1.04	0.45

Note: All financial information above was reviewed by CPA.

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

Unit: NT$ thousands

Item \ Year	Financial information for the most recent five years				
	2016	2017	2018	2019	2020
Net revenue	17,624,922	19,265,629	19,129,638	16,308,739	12,717,152
Gross profit	1,801,961	1,995,245	2,020,449	1,581,591	1,184,615
Income from operations	968,581	1,091,814	1,131,220	810,739	475,914
Non-operating income and expenses	(37,254)	(108,518)	16,843	(38,055)	23,925
Income before income tax	931,327	983,296	1,148,063	772,684	499,839
Net income generated from continuing operating segment	793,563	816,188	909,851	623,729	423,567
Net loss generated from discontinuing operating segment	0	0	0	0	0
Net income (loss)	793,563	816,188	909,851	623,729	423,567
Other comprehensive income (loss)	5,539	(3,622)	115,060	(322,016)	1,187,311
Total comprehensive income (loss)	799,102	812,566	1,024,911	301,713	1,610,878
Net income attributable to owners of the company	793,563	816,188	909,851	623,729	423,567
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to owners of the company	799,102	812,566	1,024,911	301,713	1,610,878
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings per share (NT$)	1.95	2.00	2.23	1.53	1.04

6.1.2 Independent Auditors' Opinions from 2016 to 2020

Year	CPA Firm	CPA's Name	Auditors' Opinion
2016	CKH & W CPA Office	Ko,Tien-Ssu; Chang,Wei-Lun	Unqualified
2017	CKH & W CPA Office	Chien,Shao-Feng; Chang,Wei-Lun	Unqualified
2018	CKH & W CPA Office	Chien,Shao-Feng; Chang,Wei-Lun	Unqualified
2019	Deloitte & Touche	Tseng,Done-Yuin; Chiang,Shu-Chin	Unqualified
2020	Deloitte & Touche	Tseng,Done-Yuin; Chiang,Shu-Chin	Unqualified

6.2 Five-Year Financial Analysis

6.2.1 Financial Analysis- IFRS- Consolidated

Item		Financial information for the most recent five years: 2016	2017	2018	2019	2020	As of Mar 31, 2021 (Note)
Capital structure	Debt to assets ratio (%)	35.18	37.14	32.35	38.65	31.20	35.22
	Long-term fund to property, plant and equipment ratio (%)	292.92	239.97	216.32	180.35	231.97	222.95
Solvency	Current ratio (%)	180.43	187.22	175.56	163.45	233.38	202.33
	Quick ratio (%)	77.10	84.92	67.47	77.92	107.82	85.33
	Interest coverage ratio	43.24	27.89	28.08	30.92	18.36	44.48
Operating ability	Trade receivables turnover (times)	10.03	9.69	10.29	11.01	11.07	11.51
	Average collection days	36.39	37.66	35.47	33.15	32.97	31.71
	Inventory turnover (times)	3.93	4.27	4.35	4.09	3.60	3.60
	Trade payables turnover (times)	81.73	61.99	51.92	59.64	71.97	196.60
	Average inventory turnover days	92.87	85.48	83.90	89.24	101.38	101.38
	Property, plant and equipment turnover (times)	6.90	5.80	5.12	3.91	2.74	2.93
	Total assets turnover (times)	1.52	1.60	1.64	1.37	1.00	1.01
Profitability	ROA (%)	7.47	7.18	7.97	5.41	3.52	6.09
	ROE (%)	10.92	10.85	11.78	8.13	5.12	8.90
	Income before income tax to paid-in capital ratio (%)	22.88	24.15	28.19	19.09	11.71	6.29
	Net margin (%)	4.50	4.23	4.75	3.82	3.33	5.83
	Eps (NT$)	1.95	2.00	2.23	1.53	1.04	0.45
Cash flow	Cash flow ratio (%)	8.88	25.64	61.88	17.23	71.77	16.12
	Cash flow adequacy ratio (%)	104.02	93.16	109.10	96.81	95.45	117.89
	Cash flow reinvestment ratio (%)	(0.22)	2.75	13.53	(0.68)	8.56	3.94
Leverage	Operating leverage	2.01	1.91	1.90	2.18	3.05	2.49
	Financial leverage	1.02	1.03	1.03	1.03	1.06	1.04

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

(1) Increase in Long-term fund to property, plant and equipment ratio:
Mainly due to increase in long-term capital.

(2) Increase in current ratio and quick ratio:
Mainly due to decrease in short-term borrowings.

(3) Decrease in Interest coverage ratio:
Mainly due to decrease in earnings before interest and taxes.

(4) Increase in trade receivables turnover:
Mainly due to decrease in average trade receivables.

(5) Decrease in Property, plant and equipment turnover and total assets turnover:
Mainly due to decrease in net revenue.

(6) Decrease in ROA, ROE, income before income tax to paid-in capital ratio, and EPS:
Mainly due to decrease in net revenue and decrease in net income.

(7) Increase in cash flow ratio:
Mainly due to increase in other receivables which resulted in the increase in net cash inflow from operating activities, and decrease in short-term borrowings.

(8) Increase in cash flow reinvestment ratio:
Mainly due to increase in other receivables which resulted in the increase in net cash inflow from operating activities.

(9) Increase in Operating Leverage:
Mainly due to decrease in income from operations.

Note: All financial information above was reviewed by CPA.

6.2.2 Financial Analysis- IFRS- Parent company only

Item	Year	Financial information for the most recent five years				
		2016	2017	2018	2019	2020
Capital structure	Debt to assets ratio (%)	35.18	37.13	32.35	38.62	31.09
	Long-term fund to property, plant and equipment ratio (%)	292.92	239.97	216.32	196.89	249.35
Solvency	Current ratio (%)	178.83	186.01	174.35	149.70	197.99
	Quick ratio (%)	75.49	83.72	66.26	64.14	72.64
	Interest coverage ratio	43.24	27.90	28.08	30.86	18.19
Operating ability	Trade receivables turnover (times)	10.03	9.69	10.29	11.01	11.07
	Average collection days	36.39	37.66	35.47	33.15	32.97
	Inventory turnover (times)	3.93	4.27	4.35	4.09	3.60
	Trade payables turnover (times)	81.73	61.99	51.92	59.65	71.97
	Average inventory turnover days	92.87	85.48	83.90	89.24	101.38
	Property, plant and equipment turnover (times)	6.90	5.80	5.12	4.10	2.97
	Total assets turnover (times)	1.52	1.60	1.64	1.37	1.00
Profitability	ROA (%)	7.47	7.18	7.97	5.42	3.52
	ROE (%)	10.92	10.85	11.78	8.14	5.12
	Income before income tax to paid-in capital ratio (%)	22.88	24.15	28.19	18.98	11.43
	Net margin (%)	4.50	4.23	4.75	3.82	3.33
	Eps (NT$)	1.95	2.00	2.23	1.53	1.04
Cash flow	Cash flow ratio (%)	8.07	26.03	61.88	28.33	60.33
	Cash flow adequacy ratio (%)	106.08	95.55	109.60	110.29	96.14
	Cash flow reinvestment ratio (%)	(0.55)	2.90	13.53	3.01	5.65
Leverage	Operating leverage	2.00	1.91	1.90	2.17	2.98
	Financial leverage	1.02	1.03	1.03	1.03	1.06
Explanation for changes in financial ratios over 20% for the past two years: please refer to the previous page.						

The formulas for financial analysis are listed as follows:

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

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

Audit Committee’s Review Report

The Board of Directors has prepared the Company’s 2020 Business Report, Financial Statements, and proposal for the profit distribution. The CPA firm of Deloitte & Touche was retained to audit YC INOX’ Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and proposal for the profit distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of YC INOX Co., Ltd. According to relevant requirements of Securities and Exchange Act. and the Company Act, we hereby submit this report.

To:

2021 General Shareholders’ Meeting of YC INOX Co., Ltd.

YC INOX Co., Ltd.

Chairman of the Audit Committee: Chen, Tai-Shan

March 26, 2021

6.4 Consolidated Financial Statements and Independent Auditor's Report:

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2020 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10, "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

YC INOX Co., Ltd.

Chairman: Chang, Chin-Yu

March 26, 2021

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of YC Inox Co., Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 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 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, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated statements for the year ended December 31, 2020 is described as follows:

Inventory Valuation

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

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

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

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

3. By observing the year-end physical inventory count and through sample stock-taking, we understood whether there was any situation of obsolete or damaged inventory for the major inventory accounts, in order to assess the reasonableness of the amount for the provision of inventory valuation loss.

Other Matter

We have also audited the parent company only financial statements of YC Inox Co., Ltd. as of and for the years ended December 31, 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient 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 audits resulting in this independent auditors' report are Done-Yuin Tseng and Shu-Chin Chiang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2021

Notice to Readers

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

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

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,354,142	10	$ 791,926	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	28,400	-
Notes receivable (Note 4)	60,333	1	45,852	-
Trade receivables (Notes 4 and 9)	962,951	7	1,222,978	10
Other receivables (Note 4)	250,061	2	892,375	7
Inventories (Notes 4, 5 and 10)	3,012,232	23	3,227,237	27
Prepaid expenses	50,742	-	48,036	1
Other current assets (Notes 4 and 27)	2,988	-	2,504	-
Total current assets	5,693,449	43	6,259,308	52
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,397,355	18	876,857	7
Property, plant and equipment (Notes 4 and 12)	4,644,058	35	4,609,174	38
Right-of-use assets (Notes 4 and 13)	8,597	-	3,353	-
Other intangible assets (Note 4)	187	-	-	-
Deferred tax assets (Notes 4 and 22)	83,771	1	71,710	-
Prepayments for equipment	327,491	3	236,023	2
Refundable deposits (Note 4)	210	-	190	-
Other non-current assets	57,445	-	85,752	1
Total non-current assets	7,519,114	57	5,883,059	48
TOTAL	$ 13,212,563	100	$ 12,142,367	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	$ 1,516,550	11	$ 2,958,788	25
Contract liabilities - current (Note 20)	290,364	2	178,891	2
Notes payable	181	-	10,201	-
Trade payables	121,084	1	188,976	2
Other payables (Notes 16 and 18)	331,429	3	386,215	3
Current tax liabilities (Notes 4 and 22)	42,517	-	41,122	-
Provisions - current (Notes 4 and 17)	2,733	-	3,033	-
Lease liabilities - current (Notes 4 and 13)	4,647	-	1,318	-
Current portion of long-term borrowings (Note 14)	87,500	1	37,500	-
Other current liabilities	42,491	-	20,062	-
Total current liabilities	2,439,496	18	3,826,106	32
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 15)	1,500	-	-	-
Convertible bonds payable (Notes 4 and 15)	954,978	7	-	-
Long-term borrowings (Note 14)	587,500	5	762,500	6
Deferred tax liabilities (Notes 4 and 22)	14,262	-	6,290	-
Lease liabilities - non-current (Notes 4 and 13)	3,427	-	1,402	-
Net defined benefit liabilities - non-current (Notes 4 and 18)	78,885	1	81,029	1
Guarantee deposits	43,140	-	16,760	-
Total non-current liabilities	1,683,692	13	867,981	7
Total liabilities	4,123,188	31	4,694,087	39
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Capital stock	4,371,307	33	4,071,307	33
Capital surplus	1,882,352	14	1,663,578	14
Retained earnings				
Legal reserve	1,124,194	9	1,061,821	9
Special reserve	185,661	1	-	-
Unappropriated earnings	522,557	4	837,235	7
Other equity	1,003,304	8	(185,661)	(2)
Total equity	9,089,375	69	7,448,280	61
TOTAL	$ 13,212,563	100	$ 12,142,367	100

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

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
NET REVENUE (Notes 4 and 20)	$ 12,717,152	100	$ 16,308,739	100
COST OF GOODS SOLD (Notes 5, 10 and 21)	11,532,537	91	14,727,148	90
GROSS PROFIT	1,184,615	9	1,581,591	10
OPERATING EXPENSES (Note 21)				
Selling and marketing expenses	517,820	4	574,459	4
General and administrative expenses	202,166	1	205,024	1
Total operating expenses	719,986	5	779,483	5
INCOME FROM OPERATIONS	464,629	4	802,108	5
NON-OPERATING INCOME AND EXPENSES				
Interest income	3,295	-	7,493	-
Other gains and losses, net	76,571	-	12,921	-
Interest expense (Notes 4 and 21)	(29,502)	-	(25,985)	-
Loss on disposal of property, plant and equipment (Note 4)	(12,783)	-	(11,581)	-
Net foreign exchange losses (Note 4)	(1,960)	-	(4,792)	-
Gain (loss) on financial instruments at fair value through profit or loss	11,876	-	(2,800)	-
Total non-operating income and expenses	47,497	-	(24,744)	-
INCOME BEFORE INCOME TAX	512,126	4	777,364	5
INCOME TAX EXPENSE (Notes 4 and 22)	88,559	1	153,635	1
NET INCOME	423,567	3	623,729	4
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	(2,068)	-	17,565	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	1,362,843	11	(274,291)	(2)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 22)	414	-	(3,513)	-
	1,361,189	11	(260,239)	(2)

(Continued)

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	$ (217,348)	(2)	$ (77,221)	-
Income tax relating to items that will be reclassified subsequently to profit or loss (Note 22)	43,470	1	15,444	-
	(173,878)	(1)	(61,777)	-
Other comprehensive income (loss) for the year	1,187,311	10	(322,016)	(2)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 1,610,878	13	$ 301,713	2
EARNINGS PER SHARE (Note 23)				
Basic	$ 1.04		$ 1.53	
Diluted	$ 0.95		$ 1.52	

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

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

			Retained Earnings (Note 19)			Other Equity (Note 4)		
	Capital Stock - Ordinary Shares (Note 19)	Capital Surplus (Note 19)	Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2019	$ 4,071,307	$ 1,663,578	$ 970,836	$ -	$ 1,023,274	$ -	$ 150,407	$ 7,879,402
Appropriation of 2018 earnings								
Legal reserve	-	-	90,985	-	(90,985)	-	-	-
Cash dividends	-	-	-	-	(732,835)	-	-	(732,835)
Net profit for the year ended December 31, 2019	-	-	-	-	623,729	-	-	623,729
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	14,052	(61,777)	(274,291)	(322,016)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	637,781	(61,777)	(274,291)	301,713
BALANCE AT DECEMBER 31, 2019	4,071,307	1,663,578	1,061,821	-	837,235	(61,777)	(123,884)	7,448,280
Appropriation of 2019 earnings								
Legal reserve	-	-	62,373	-	(62,373)	-	-	-
Special reserve	-	-	-	185,661	(185,661)	-	-	-
Cash dividends	-	-	-	-	(488,557)	-	-	(488,557)
Equity component of convertible bonds issued by the Company	-	40,913	-	-	-	-	-	40,913
Issuance of cash dividends from capital surplus	-	(122,139)	-	-	-	-	-	(122,139)
Net profit for the year ended December 31, 2020	-	-	-	-	423,567	-	-	423,567
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(1,654)	(173,878)	1,362,843	1,187,311
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	421,913	(173,878)	1,362,843	1,610,878
Issuance of ordinary shares for cash	300,000	300,000	-	-	-	-	-	600,000
BALANCE AT DECEMBER 31, 2020	$ 4,371,307	$ 1,882,352	$ 1,124,194	$ 185,661	$ 522,557	$ (235,655)	$ 1,238,959	$ 9,089,375

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

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 512,126	$ 777,364
Adjustments for:		
Depreciation expenses	270,317	228,283
Amortization expenses	5	-
(Gain) loss on financial instruments at fair value through profit or loss	(11,876)	2,800
Interest expense	29,502	25,985
Interest income	(3,295)	(7,493)
Loss on disposal of property, plant and equipment	12,783	11,581
(Reversal of write-down) write-downs of inventories	(131,500)	20,600
Loss on foreign currency exchange	9,122	2,303
(Reversal) recognition of provisions	(300)	1,155
Changes in operating assets and liabilities:		
Notes receivable	(14,481)	53,708
Trade receivables	255,672	350,075
Other receivables	572,569	(712,440)
Inventories	346,505	448,867
Prepaid expenses	(6,536)	(5,011)
Other current assets	(485)	756
Contract liabilities	111,473	(110,945)
Notes payable	(10,020)	10,042
Trade payables	(67,892)	(105,513)
Other payables	(24,542)	(35,831)
Other current liabilities	22,532	14,147
Net defined benefit liabilities	(4,212)	(3,797)
Cash generated from operations	1,867,467	966,636
Interest received	3,295	7,493
Interest paid	(29,745)	(25,411)
Income tax paid	(90,181)	(292,190)
Net cash generated from operating activities	1,750,836	656,528
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(157,655)	-
Proceeds from sale of financial assets at fair value through profit or loss	39,276	-
Acquisition of property, plant and equipment	(248,912)	(821,235)
Proceeds from disposal of property, plant and equipment	54,060	33,393
(Increase) decrease in refundable deposits	(32)	86,275
Decrease (increase) in other non-current assets	28,307	(9,399)
Increase in prepayments for equipment	(357,050)	(118,761)
Net cash used in investing activities	(642,006)	(829,727)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of) proceeds from short-term borrowings	(1,442,238)	1,068,284
Proceeds from issuance of convertible bonds	998,000	-
Proceeds from long-term borrowings	500,000	700,000
Repayments of long-term borrowings	(625,000)	(500,000)
Increase in guarantee deposits	26,380	11,645

(Continued)

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Repayments of the principal portion of lease liabilities	$ (2,530)	$ (1,872)
Cash dividends distributed	(610,696)	(732,835)
Proceeds from issuance of ordinary shares	600,000	-
Net cash generated from (used in) financing activities	(556,084)	545,222
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	9,470	632
NET INCREASE IN CASH AND CASH EQUIVALENTS	562,216	372,655
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	791,926	419,271
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,354,142	$ 791,926

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

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

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 26, 2021.

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

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

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

b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
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 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: 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 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

c. Classification of current and noncurrent assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Basis of consolidation

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

See Note 11 and Table 3 for the detailed information on subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

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

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

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

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

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

f. Inventories

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

g. Property, plant and equipment

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

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

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

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

h. Intangible assets

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

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill and concession

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at fair value through other comprehensive income (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, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 25.

ii. Financial assets at amortized cost

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

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

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

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

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

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

ii) Breach of contract, such as a default;

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

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

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition and short-term bills which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

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

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

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

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

ii. When a financial asset is more than 181 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

3) Convertible bonds

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

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

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

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

k. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

l. Revenue recognition

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

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

m. Leasing

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

1) The Group as lessor

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

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

2) The Group as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

n. Borrowing costs

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

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

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

o. Government grants

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred tax

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty - Write-down of Inventories

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

6. CASH AND CASH EQUIVALENTS

	December 31 2020	December 31 2019
Cash on hand	$ 1,208	$ 1,048
Checking accounts and demand deposits	1,352,934	715,927
Cash equivalents		
Time deposits	-	74,951
	$ 1,354,142	$ 791,926
Annual interest rate (%)		
Demand deposits	0.00-0.2	0.00-0.65
Time deposits	-	1.5

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2020	December 31 2019
Financial assets mandatorily measured at FVTPL		
Domestic listed shares	$ -	$ 28,400

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

	December 31 2020	December 31 2019
Investments in equity instruments at FVTOCI		
Foreign unlisted shares	$ 306,954	$ 400,015
Domestic unlisted shares	2,090,401	476,842
	$ 2,397,355	$ 876,857

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

9. TRADE RECEIVABLES

	December 31 2020	December 31 2019
At amortized cost		
Gross carrying amount	$ 964,579	$ 1,224,823
Less: Allowance for impairment loss	(1,628)	(1,845)
	$ 962,951	$ 1,222,978

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

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

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

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

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

	Not Past Due	Past Due 1-60 Days	Past Due 61-120 Days	Past Due 121-180 Days	Past Due More than 180 Days	Total
December 31, 2020						
Expected credit loss rate	0%	1%	10%	50%	100%	
Gross carrying amount	$ 874,776	$ 89,667	$ 29	$ 107	$ -	$ 964,579
Loss allowance	-	(1,571)	(3)	(54)	-	(1,628)
Amortized cost	$ 874,776	$ 88,096	$ 26	$ 53	$ -	$ 962,951
December 31, 2019						
Expected credit loss rate	0%	1%	10%	50%	100%	
Gross carrying amount	$ 1,098,273	$ 126,550	$ -	$ -	$ -	$ 1,224,823
Loss allowance	-	(1,845)	-	-	-	(1,845)
Amortized cost	$ 1,098,273	$ 124,705	$ -	$ -	$ -	$ 1,222,978

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

	For the Year Ended December 31 2020	2019
Balance at January 1	$ 1,845	$ 1,845
Less: Amounts written off	(217)	-
Balance at December 31	$ 1,628	$ 1,845

Refer to Note 25 for details of the factoring agreements for trade receivables.

10. INVENTORIES

	December 31	
	2020	2019
Raw materials	$ 890,966	$ 1,257,893
Work in progress	96,344	84,402
Semi-finished goods	389,615	313,217
Finished goods	1,609,339	1,547,197
Merchandise	25,968	24,528
	$ 3,012,232	$ 3,227,237

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was $11,532,537 thousand and $14,727,148 thousand, respectively. The cost of goods sold included the gain on reversal of inventory write-downs of $131,500 thousand and loss on inventory write-downs of $20,600 thousand. Inventory write-downs were reversed as a result of increased selling prices of raw materials.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

		Proportion of Ownership (%)	
Investor	Investee	December 31, 2020	December 31, 2019
The Company	Chi Mao Investment Co., Ltd. (Chi Mao Company)	100	100
	YC INOX TR CELIK SANAYI VE TICARET A.S. (YC INOX TR Company)	100	100

For the nature of activities of the subsidiaries listed above, refer to Table 3.

In February 2019, the Company invested NT$11,794 thousand for the establishment of YC INOX TR Company and acquired 100% of its interest, and invested an additional NT$929,189 thousand and NT$726,146 thousand in the subsidiary in July 2019 and September 2020, respectively. The aforementioned investment has been approved by the Overseas Chinese and Foreign Investment Commission of the Ministry of Economic Affairs.

The aforementioned subsidiaries are both immaterial subsidiaries, and its financial statements have been audited by certified public accountants.

12. PROPERTY, PLANT AND EQUIPMENT

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

	For the Year Ended December 31, 2019					
Cost						
Land	$ 1,999,794	$ 412,565	$ -	$ -	$ (30,391)	$ 2,381,968
Land improvements	11,001	2,045	-	-	-	13,046
Buildings	836,908	56,292	-	531,107	-	1,424,307
Machinery and equipment	2,015,989	169,783	(17,455)	264,319	-	2,432,636
Transportation equipment	107,672	70,354	(53,353)	14,760	-	139,433
Office equipment	83,021	20,525	(725)	2,911	(2)	105,730
Other equipment	370,236	54,971	(2,293)	90,779	-	513,693
Construction in progress	544,408	30,657	-	(543,678)	(425)	30,962
	5,969,029	$ 817,192	$ (73,826)	$ 360,198	$ (30,818)	7,041,775
Accumulated depreciation						
Land improvements	5,358	$ 1,254	$ -	$ -	$ -	6,612
Buildings	407,461	56,518	-	-	-	463,979
Machinery and equipment	1,525,046	114,877	(15,591)	(578)	-	1,623,754
Transportation equipment	26,691	17,628	(10,376)	-	-	33,943
Office equipment	62,976	9,411	(725)	-	-	71,662
Other equipment	206,670	27,563	(2,160)	578	-	232,651
	2,234,202	$ 227,251	$ (28,852)	$ -	$ -	2,432,601
	$ 3,734,827					$ 4,609,174

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

Land improvements	10 years
Buildings	
Office buildings	35 years
Plants	20 years
Machinery and equipment	5-15 years
Transportation equipment	8 years
Office equipment	3-5 years
Other equipment	5-20 years

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

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

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	**2019**
Carrying amount		
Land	$ 306	$ 668
Buildings	1,600	-
Transportation equipment	2,064	2,685
Other equipment	4,627	-
	$ 8,597	$ 3,353

	For the Year Ended December 31	
	2020	**2019**
Additions to right-of-use assets	$ 8,270	$ 3,047
Depreciation of right-of-use assets		
Land	$ 362	$ 362
Buildings	400	308
Transportation equipment	891	362
Other equipment	810	-
	$ 2,463	$ 1,032

b. Lease liabilities

	December 31	
	2020	**2019**
Carrying amount		
Current	$ 4,647	$ 1,318
Non-current	3,427	1,402
	$ 8,074	$ 2,720

Discount rates for lease liabilities were as follows:

	December 31	
	2020	2019
Land	1.20%	1.20%
Buildings	1.15%	-
Transportation equipment	16.50%	16.50%
Other equipment	0.88%	-

c. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to low value asset leases	$ 267	$ 144
Total cash outflow for leases	$ 3,239	$ 2,016

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

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

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

14. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
Unsecured borrowings		
Letter of credit borrowings and export bills	$ 1,196,550	$ 2,058,788
Line of credit borrowings	320,000	900,000
	$ 1,516,550	$ 2,958,788
Annual interest rate range (%)		
Letter of credit borrowings and export bills	0.43-0.83	0.94-1.00
Line of credit borrowings	0.72-1.40	0.76-0.99

b. Long-term borrowings

	December 31	
	2020	2019
Unsecured borrowings		
Line of credit borrowings	$ 675,000	$ 800,000
Less: Current portions	(87,500)	(37,500)
	$ 587,500	$ 762,500
Annual interest rate range (%)	0.88-0.90	0.79-1.32

	Contract Period	Major Contract Terms	December 31 2020	December 31 2019
Bank				
Bank of Taiwan	2020.11-2023.11	Interest payable monthly, one-time repayment of principal in full on the maturity date	$ 100,000	$ 100,000
The Export-Import Bank of the Republic of China	2020.03-2025.03	Interest payable monthly, one-time repayment of principal in full on the maturity date	200,000	400,000
Chang Hwa Commercial Bank	2018.12-2023.12	Interest payable monthly, one-time repayment of principal in full one year after the maturity date	75,000	100,000
Hua Nan Commercial Bank	2019.07-2025.08	Interest payable monthly, one-time repayment of principal in full one year after the maturity date	200,000	100,000
E.SUN BANK	2020.02-2023.02	Interest payable monthly, one-time repayment of principal in full one year after the maturity date	100,000	100,000
Less: Current portion			(87,500)	(37,500)
			$ 587,500	$ 762,500

15. CONVERTIBLE BONDS PAYABLE

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

On December 15, 2020, the Company issued 5-year, 0% NTD-denominated unsecured convertible bonds in Taiwan for $1,000,000 thousand, and the maturity date of the bonds is December 15, 2025. Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of $26.5, such conversion price shall be later adjusted in accordance with the formula started in the Anti-dilution provisions of the "Rules and conditions of issuance and conversion of the 3rd domestic unsecured corporate bonds" (from the date of December 18, 2020, the conversion price has been adjusted to $26). For the period from the day following three months after the date of issuance of the convertible bonds (March 16, 2021) to 40 days before the maturity date (November 5, 2025), if the closing share price of the Company exceed 30% of the prevailing conversion price for 30 consecutive business days or the outstanding balance falls lower than 10% of the original total issuance amount, the Company may redeem the bonds in cash at face value. In addition, holders may request to sell the bonds they hold back to the Company at any time within 30 days before the expiry of the third year from the date of issuance (December 15, 2023).

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

Changes in the main contract of the debt and sell-back rights of derivatives (recognized as financial liabilities at FVTPL - non-current) from the issuance date to December 31, 2020 are as follows:

Proceeds from issuance (less issuance costs of $2,000 thousand)	$ 998,000
Equity component (less issuance costs allocated to the equity component of $87 thousand)	(40,913)
Financial liabilities	(2,500)
Liability component at the date of issuance	954,587
Amortization of the current year	391
Balance at December 31, 2020	$ 954,978

16. OTHER PAYABLES

	December 31	
	2020	2019
Payables for salaries and bonuses	$ 108,449	$ 127,384
Payables for acquisition of equipment	60,940	90,371
Payables for employees' profit sharing bonus and directors' compensation	37,622	58,159
Payables for commission	11,369	17,787
Others	113,049	92,514
	$ 331,429	$ 386,215

17. PROVISIONS - CURRENT

When calculating the provision for sales rebates, product discounts which may occur are estimated based on the sales contracts, annual purchase amounts and other known reasons. The rebates are recognized as a deduction to sales revenue in the year the products are sold.

Movements of provisions were as follows:

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 3,033	$ 1,878
(Reversal of) additional provision recognized	(300)	1,155
Balance at December 31	$ 2,733	$ 3,033

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

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

b. Defined benefit plans

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

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

	December 31	
	2020	**2019**
Present value of defined benefit obligation	$ 160,629	$ 162,903
Fair value of plan assets	(81,321)	(81,447)
Net liabilities recognized in the consolidated balance sheets	79,308	81,456
Other payables	(423)	(427)
Net defined benefit liabilities	$ 78,885	$ 81,029

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Liabilities Recognized in the Consolidated Balance Sheets**
Balance at January 1, 2019	$ 184,246	$ (81,409)	$ 102,837
Service cost			
Current service cost	503	-	503
Net interest expense (income)	1,810	(812)	998
Recognized in profit or loss	2,313	(812)	1,501
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,842)	(2,842)
Actuarial loss - Changes in demographic assumptions	6	-	6
Actuarial gain - Changes in financial assumptions	(4,197)	-	(4,197)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Liabilities Recognized in the Consolidated Balance Sheets
Actuarial gain - Experience adjustments	$ (10,532)	$ -	$ (10,532)
Recognized in other comprehensive income (loss)	(14,723)	(2,842)	(17,565)
Contributions from the employer	-	(5,317)	(5,317)
Benefits paid	(8,933)	8,933	-
Balance at December 31, 2019	162,903	(81,447)	81,456
Service cost			
Current service cost	403	-	403
Net interest expense (income)	1,205	(616)	589
Recognized in profit or loss	1,608	(616)	992
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,716)	(2,716)
Actuarial gain - Changes in demographic assumptions	(2)	-	(2)
Actuarial loss - Changes in financial assumptions	7,015	-	7,015
Actuarial gain - Experience adjustments	(2,229)	-	(2,229)
Recognized in other comprehensive income (loss)	4,784	(2,716)	2,068
Contributions from the employer	-	(5,208)	(5,208)
Benefits paid	(8,666)	8,666	-
Balance at December 31, 2020	$ 160,629	$ (81,321)	$ 79,308

(Concluded)

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

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

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

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

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

	December 31	
	2020	2019
Discount rate(s)	0.30%	0.75%
Expected rate(s) of salary increase	2.00%	2.00%

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

	December 31	
	2020	2019
Discount rate(s)		
0.25% increase	$ (3,953)	$ (4,170)
0.25% decrease	$ 4,097	$ 4,326
Expected rate(s) of salary increase		
0.25% increase	$ 4,017	$ 4,262
0.25% decrease	$ (3,897)	$ (4,130)

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

	December 31	
	2020	2019
Expected contributions to the plans for the next year	$ 5,606	$ 5,723
Average duration of the defined benefit obligation	9 years	10 years

19. EQUITY

a. Capital stock

	December 31	
	2020	2019
Authorized shares (in thousands of shares)	499,00	499,000
Authorized capital	$ 4,990,000	$ 4,990,000
Issued and paid shares (in thousands of shares)	437,131	407,131
Issued capital	$ 4,371,307	$ 4,071,307

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

In October 2020, the Company’s board of directors resolved to issue cash capital increase of 30,000 thousand ordinary shares at par value of $10, which increased the paid-in capital to $4,371,307 thousand. Such cash capital increase was approved by the FSC and entered into effective on November 25, 2020, the book closure ending date was December 18, 2020, and the change of paid-in capital registration has completed.

b. Capital surplus

	December 31	
	2020	2019
May be used to offset a deficit, distributed a cash dividends, or transferred to share capital		
Additional paid-in capital	$ 1,841,439	$ 1,663,578
Not allowed to be used for any purpose		
Option of convertible bonds	40,913	-
	$ 1,882,352	$ 1,663,578

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

c. Retained earnings and dividend policy

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

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

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

The Company appropriates or reverses special reserve in compliance with the FSC's letter of Jin-Guan-Zheng-Fa-Zi No. 1010012865, the "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" and other applicable regulations.

The appropriations of 2019 and 2018 earnings which were approved by the shareholders in the shareholders' meetings in June 2020 and June 2019, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2019	2018
Legal reserve	$ 62,373	$ 90,985
Special reserve	$ 185,661	$ -
Cash dividends	$ 488,557	$ 732,835
Cash dividends per share (NT$)	$ 1.2	$ 1.8

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

The appropriation of the 2020 earnings, which has been proposed by the Company's board of directors on March 26, 2021, was as follows:

	Appropriation of Earnings
Legal reserve	$ 42,191
Reversal of special reserve	$ 185,661
Cash dividends	$ 655,696
Cash dividends per share (NT$)	$ 1.5

The appropriation of the 2020 earnings is subject to the resolution of the shareholders in the shareholders' meeting to be held in June 2021.

20. NET REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Revenue from the sale of goods	$ 12,717,152	$ 16,308,739

<u>Contract liabilities</u>

	December 31	
	2020	2019
Contract balance		
Sale of goods	$ 290,364	$ 178,891

21. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest expense

	For the Year Ended December 31	
	2020	2019
Interest on borrowings	$ 28,701	$ 27,334
Interest on short-term bills payable	207	942
Interest on lease liabilities	443	124
Interest on convertible bonds	391	-
	29,742	28,400
Less: Capitalized interest amount	(240)	(2,415)
	$ 29,502	$ 25,985

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2020	2019
Capitalized interest amount	$ 240	$ 2,415
Capitalization rate (%)	0.66-1.18	0.64-0.98

b. Employee benefits expense, depreciation expense and amortization expense

	For the Year Ended December 31					
	2020			2019		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Short-term employee benefits	$ 442,757	$ 149,439	$ 592,196	$ 470,960	$ 162,004	$ 632,964
Post-employment benefits						
Defined contribution plans	15,879	4,755	20,634	17,186	4,453	21,639
Defined benefit plans	740	252	992	1,126	375	1,501
Directors' remuneration	-	12,699	12,699	-	18,567	18,567
Labor and health insurance expense	41,067	10,645	51,712	44,515	11,013	55,528
Other employee benefits	36,630	6,299	42,929	41,313	6,780	48,093
Depreciation expense	240,448	29,869	270,317	201,038	27,245	228,283
Amortization expense	-	5	5	-	-	-

c. Employees' profit sharing bonus and directors' compensation

According to the Articles of Incorporation of the Company, if the Company has profit in the year, the Company should accrue employees' profit sharing bonus and directors' compensation at the rates of 5% and no higher than 2%, respectively, of net income before income tax. Employees' profit sharing bonus and directors' compensation for the years ended December 31, 2020 and 2019 were estimated as follows:

	For the Year Ended December 31			
	2020		2019	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees' profit sharing bonus	5%	$ 26,873	5%	$ 41,542
Directors' compensation	2%	10,749	2%	16,617

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

There is no difference between the actual amounts of employees' profit sharing bonus and directors' compensation paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

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

22. INCOME TAXES

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

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 54,885	$ 163,422
Adjustment for prior years	(6,121)	(173)
	48,764	163,249
Deferred tax		
In respect of the current year	39,795	(9,614)
Income tax expense recognized in profit or loss	$ 88,559	$ 153,635

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

	For the Year Ended December 31	
	2020	2019
Income tax expense calculated at the statutory rate	$ 112,255	$ 158,404
Nondeductible expenses in determining taxable income	1,475	2,130
Tax-exempt income	(19,050)	(7,735)
Unrecognized deductible temporary differences	-	975
Unrecognized loss carryforwards	-	34
Income tax adjustments on prior years	(6,121)	(173)
Income tax expense recognized in profit or loss	$ 88,559	$ 153,635

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Company only deducts those amounts that has actually put into reinvestment of capital assets. The tax rate applicable to YC INOX TR Company is 22% in 2020, pursuant to Turkish tax laws.

b. Deferred tax assets and liabilities

	For the Year Ended December 31, 2020			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred Tax Assets				
Temporary differences				
Defined benefit obligations	$ 16,292	$ (844)	$ 414	$ 15,862
Unrealized loss on inventories	29,180	(26,300)	-	2,880
Payables for annual leave	4,420	209	-	4,629
Unrealized exchange loss	6,198	(4,888)	-	1,310
Exchange differences on translating the financial statements of foreign operations	15,444	-	43,470	58,914
Others	176	-	-	176
	$ 71,710	$ (31,823)	$ 43,884	$ 83,771
Deferred Tax Liabilities				
Temporary differences				
Allowance for impairment loss on trade receivables	$ 2,172	$ (448)	$ -	$ 1,724
Unrealized revaluation appreciation	890	-	-	890
Unappropriated earnings of subsidiaries	3,228	8,420	-	11,648
	$ 6,290	$ 7,972	$ -	$ 14,262

	For the Year Ended December 31, 2019			
Deferred Tax Assets				
Temporary differences				
Defined benefit obligations	$ 20,568	$ (763)	$ (3,513)	$ 16,292
Unrealized loss on inventories	25,060	4,120	-	29,180
Payables for annual leave	-	4,420	-	4,420
Unrealized exchange loss	404	5,794	-	6,198
Exchange differences on translating the financial statements of foreign operations	-	-	15,444	15,444
Others	395	(219)	-	176
	$ 46,427	$ 13,352	$ 11,931	$ 71,710
Deferred Tax Liabilities				
Temporary differences				
Allowance for impairment loss on trade receivables	$ 1,663	$ 509	$ -	$ 2,172
Unrealized revaluation appreciation	890	-	-	890
Unappropriated earnings of subsidiaries	-	3,228	-	3,228
	$ 2,553	$ 3,737	$ -	$ 6,290

c. Income tax assessments

The tax returns through 2018 of the Company and Chi Mao Company have been assessed by the tax authorities.

23. EARNINGS PER SHARE

	Net Profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Share (NT$)
For the Year Ended December 31, 2020			
Basic earnings per share			
Net income for the year attributable to owners of the Company	$ 423,567	407,460	$1.04
Effect of potentially dilutive ordinary shares:			
Convertible bonds	48	38,461	
Employees' profit sharing bonus	-	1,401	
Diluted earnings per share			
Net income for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 423,615	447,322	$0.95
For the Year Ended December 31, 2019			
Basic earnings per share			
Net income for the year attributable to owners of the Company	$ 623,729	407,131	$1.53
Effect of potentially dilutive ordinary shares:			
Employees' profit sharing bonus	-	1,967	
Diluted earnings per share			
Net income for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 623,729	409,098	$1.52

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

24. CAPITAL MANAGEMENT

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

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

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

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

25. FINANCIAL INSTRUMENTS

a. Fair value

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

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

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

Fair Value Hierarchy

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Financial assets at FVTOCI				
Domestic and foreign unlisted shares	$ 2,090,401	$ -	$ 306,954	$ 2,397,355
December 31, 2019				
Financial assets at FVTPL				
Domestic listed shares	$ 28,400	$ -	$ -	$ 28,400
Financial assets at FVTOCI				
Domestic and foreign unlisted shares	$ -	$ -	$ 876,857	$ 876,857

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

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

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

The fair values of unlisted equity securities were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

b. Categories of financial instruments

	December 31	
	2020	2019
Financial assets		
FVTPL		
Mandatorily measured at FVTPL	$ -	$ 28,400
Financial assets at amortized cost (1)	2,630,682	2,955,821
Financial assets at FVTOCI		
Equity instruments	2,397,355	876,857
Financial liabilities		
Amortized cost (2)	3,642,362	4,360,940
Financial liabilities at FVTPL	1,500	-
Derivatives		

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

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

c. Financial risk management objectives and policies

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

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

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

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 29.

Sensitivity analysis

The Group is mainly exposed to the USD and EUR.

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

	USD Impact		**EUR Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2020	**2019**	**2020**	**2019**
Profit or loss	$ 18,562	$ 19,491	$ 199	$ 407

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

b) Interest rate risk

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

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

	December 31	
	2020	**2019**
Fair value interest rate risk		
Financial assets	$ 2,985	$ 77,451
Financial liabilities	963,052	2,720

	December 31	
	2020	2019
Cash flow interest rate risk		
Financial assets	$ 481,533	$ 681,232
Financial liabilities	2,191,550	3,758,788

Sensitivity analysis

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

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Group's income before income tax for the years ended December 31, 2020 and 2019 would have decreased/increased by $1,710 thousand and $3,078 thousand, respectively.

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

c) Other price risk

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

Sensitivity analysis

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

Had equity prices been 1% higher/lower, income before income tax for the year ended December 31, 2019 would have increased/decreased by $284 thousand. There is no impact on income before income tax for the year ended December 31, 2020 because the Group did not hold any financial assets at fair value through profit or loss in 2020.

2) Credit risk

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

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

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. The Group had available unutilized bank loan facilities set out as follows:

	December 31	
	2020	**2019**
Unutilized bank loan limits	$ 13,965,290	$ 13,837,412

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

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

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

	Less than 1 Year	**1-3 Years**	**Total**
December 31, 2020			
Non-interest bearing liabilities	$ 743,058	$ -	$ 743,058
Lease liabilities	4,738	3,452	8,190
Floating interest rate liabilities	1,604,050	587,500	2,191,550
	$ 2,351,846	$ 590,952	$ 2,942,798
December 31, 2019			
Non-interest bearing liabilities	$ 764,283	$ -	$ 764,283
Lease liabilities	1,677	2,549	4,226
Floating interest rate liabilities	2,996,288	762,500	3,758,788
	$ 3,762,248	$ 765,049	$ 4,527,297

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	More than 20 Years
December 31, 2020						
Lease liabilities	$ 4,738	$ 3,452	$ -	$ -	$ -	$ -
December 31, 2019						
Lease liabilities	$ 1,677	$ 2,549	$ -	$ -	$ -	$ -

d. Transfers of financial assets

Information regarding the Company's trade receivables factoring was as follows:

Counterparty	Proceeds from the Factoring of Receivables in the Current Period	Advances Paid at the End of the Period	Advances - Annual Interest Rate	Credit Limit
December 31, 2020				
Fubon bank	$ 338,380 (USD 11,881)	$ 120,026 (USD 4,214)	2M TAFIX3 +0.25%	USD 53,500
December 31, 2019				
Fubon bank	$ 505,769 (USD 16,870)	$ 52,972 (USD 1,767)	2M TAFIX3 +0.25%	USD 53,500

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

26. TRANSACTIONS WITH RELATED PARTIES

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

a. Categories of related parties categories

Related Party	Relationship with the Company
Tai Chyang Investment Co. Ltd.	Other Related Party

b. Other income

	For the Year Ended December 31	
	2020	2019
Other related parties	$ 30	$ 30

c. Remuneration of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	$ 45,819	$ 57,178
Post-employment benefits	509	463
	$ 46,328	$ 57,641

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2020	2019
Pledged time deposits (classified as other current assets)	$ 2,985	$ 2,500

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencies and unrecognized commitments of the Group as of December 31, 2020 and 2019 were as follows:

a. As of December 31, 2020 and 2019, unused letters of credit for purchases of raw materials amounted to $436,516 thousand and $481,120 thousand, respectively.

b. Unrecognized commitments were as follows:

	December 31	
	2020	2019
Acquisition of property, plant and equipment	$ 176,216	$ 162,727

c. On January 6, 2021, YC INOX TR Company has signed a contract with a total of USD27,000 thousand for the construction of mills and office buildings.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
December 31, 2020			
Financial assets			
USD	$ 65,177	28.48	$ 1,856,239
EUR	568	35.02	19,902
December 31, 2019			
Financial assets			
USD	65,014	29.98	1,949,120
EUR	1,212	33.59	40,719

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

	For the Year Ended December 31, 2020		For the Year Ended December 31, 2019	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	28.48 (USD:NTD)	$ (2,562)	29.98 (USD:NTD)	$ (8,537)
EUR	35.02 (EUR:NTD)	603	33.59 (EUR:NTD)	3,745

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others (None)

2) Endorsements/guarantees provided (None)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 1)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (Table 2)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

9) Trading in derivative instruments (None)

10) Intercompany relationships and significant intercompany transactions (None)

11) Information on investees (Table 3)

b. Information on investments in mainland China (None)

c. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 4)

31. SEGMENT INFORMATION

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

a. Segment revenue and operating results

The following was an analysis of the Group's revenue and operating results from continuing operations by reportable segments:

	Segment Revenue		Segment Profit or Loss	
	2020	2019	2020	2019
Stainless steel tubes/pipes	$ 6,841,412	$ 7,681,747	$ 465,957	$ 591,873
Stainless steel sheets/coils	5,644,691	8,334,218	10,728	205,352
Others	231,049	292,774	(12,056)	4,883
Generated from Continuing Operating Segment	$ 12,717,152	$ 16,308,739	464,629	802,108
Interest income			3,295	7,493
Other gains and losses, net			76,571	12,921
Interest expense			(29,502)	(25,985)
Loss on disposal of property, plant and equipment			(12,783)	(11,581)
Gain (loss) on financial instruments at FVTPL			11,876	(2,800)
Net foreign exchange losses			(1,960)	(4,792)
Income before income tax			$ 512,126	$ 777,364

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales in 2020 and 2019.

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

b. Geographical information

The Group operates in three principal geographical areas - Asia, Europe, and America.

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

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2020	2019	2020	2019
Asia	$ 4,879,862	$ 5,158,925	$ 4,508,865	$ 4,544,219
Europe	2,950,876	5,038,151	529,123	390,273
America	2,372,694	3,183,455	-	-
Others	2,513,720	2,928,208	-	-
	$ 12,717,152	$ 16,308,739	$ 5,037,988	$ 4,934,492

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

c. Information of major customers

No single customer contributed 10% or more to the Group’s revenue for both 2020 and 2019.

YC INOX CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	Ending Balance			
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value (Notes 1 and 2)
The Company	Ordinary Shares						
	AltruBio Inc. (Note 3)	None	Financial assets at fair value through other comprehensive income - non-current (FVTOCI)	11,051	$ 90,843	9.33	$ 90,843
	Gongwin Biopharm Holdings Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current (FVTOCI)	7,720	1,865,615	7.07	1,865,615
	Preference Shares						
	AltruBio Inc. (Note 3)	None	Financial assets at fair value through other comprehensive income - non-current (FVTOCI)	20,426	167,901	6.33	167,901
Chi Mao Company	Ordinary Shares						
	AltruBio Inc. (Note 3)	None	Financial assets at fair value through other comprehensive income - non-current (FVTOCI)	560	4,603	0.47	4,603
	Gongwin Biopharm Holdings Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current (FVTOCI)	930	224,786	0.85	224,786
	Preference Shares						
	AltruBio Inc. (Note 3)	None	Financial assets at fair value through other comprehensive income - non-current (FVTOCI)	5,305	43,607	1.64	43,607

Note 1: The fair value of investments in unlisted shares was determined using the income approach.

Note 2: The fair value of investments in shares listed on the emerging stock market was determined using their average closing prices on December 31, 2020.

Note 3: In June 2020, the company changed its name from AbGenonics Holding Inc. to AltruBio Inc.

YC INOX CO., LTD AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares (Note)	Amount	Number of Shares (Note)	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares (Note)	Amount
The Company	YC INOX TR Company	Investment accounted for using the equity method	YC INOX TR Company	Subsidiary	172	$ 940,983	188	$ 726,146	-	$ -	$ -	$ -	360	$ 1,667,129

Note: YC INOX TR Company has a par value of 1,000 Liras per share.

TABLE 3

YC INOX CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company (Note)	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net Income (Loss) of the Investee	Share of Profit (Loss)
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount		
The Company	Chi Mao Company	Xizhou Township, Changhua County, Taiwan	Investment	$ 100,120	$ 100,120	10,000,000	100	$ 255,824	$ 10,850	$ 10,850
	YC INOX TR Company	Turkey	Manufacturing and distribution of stainless steel tubes/pipes and sheets/coils	1,667,129	940,983	360	100	1,430,801	42,102	42,102

Note: Eliminated.

TABLE 4

YC INOX CO., LTD

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares Held	Percentage of Ownership
Tai Chyang Investment Co. Ltd.	59,909,508	13.70%
Shun Chyang Investment Co. Ltd.	26,817,298	6.13%

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

6.5 Parent company only Financial Statements and Independent Auditor's Report:

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying parent company only financial statements of YC Inox Co., Ltd. (the Company), which comprise the parent company only balance sheets as of December 31, 2020 and 2019, the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's parent company only financial statements for the year ended December 31, 2020 is described as follows:

Inventory Valuation

The amount of inventory held by the Company is considered material to the parent company only financial statements; and out of this amount, the provision for loss on inventory valuation and obsolescence is made based on the lower of cost and net realizable value of inventory. As the inputs and assumptions used in the determination of the net realizable value involve management's judgment, inventory assessment has been deemed as a key audit matter. For the accounting policies, significant accounting judgments, estimates and uncertainty of assumptions related to inventory assessment as well as other related disclosures, refer to Notes 4, 5, and 9.

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

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

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

3. By observing the year-end physical inventory count and through sample stock-taking, we understood whether there was any situation of obsolete or damaged inventory for the major inventory accounts, in order to assess the reasonableness of the amount for the provision of inventory valuation loss.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent company only Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 parent company only 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 audits resulting in this independent auditors' report are Done-Yuin

Tseng and Shu-Chin Chiang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2021

Notice to Readers

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

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

YC INOX CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Notes 4 and 6)	$ 479,934	4	$ 681,748	6
Notes receivable (Note 4)	60,333	-	45,852	-
Trade receivables (Notes 4 and 8)	962,951	7	1,222,978	10
Other receivables (Note 4)	250,061	2	499,072	4
Inventories (Notes 4, 5 and 9)	3,012,232	23	3,227,237	27
Prepaid expenses	18,163	-	44,092	-
Other current assets (Notes 4 and 26)	2,985	-	2,500	-
Total current assets	4,786,659	36	5,723,479	47
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	2,124,359	16	828,560	7
Investments accounted for using the equity method (Note 10)	1,686,625	13	967,156	8
Property, plant and equipment (Notes 4 and 11)	4,320,288	33	4,221,623	35
Right-of-use assets (Notes 4 and 12)	6,533	-	668	-
Other intangible assets (Note 4)	187	-	-	-
Deferred tax assets (Notes 4 and 21)	83,771	1	71,710	-
Prepayments for equipment	124,257	1	236,023	2
Refundable deposits (Note 4)	154	-	153	-
Other non-current assets	57,445	-	85,752	1
Total non-current assets	8,403,619	64	6,411,645	53
TOTAL	$ 13,190,278	100	$ 12,135,124	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 13)	$ 1,496,550	11	$ 2,958,788	25
Contract liabilities - current (Note 19)	290,364	2	178,891	2
Notes payable	181	-	10,201	-
Trade payables	121,084	1	188,976	2
Other payables (Notes 15 and 17)	330,866	3	385,397	3
Current tax liabilities (Notes 4 and 21)	42,517	-	37,132	-
Provisions - current (Notes 4 and 16)	2,733	-	3,033	-
Lease liabilities - current (Notes 4 and 12)	3,486	-	413	-
Current portion of long-term borrowings (Note 13)	87,500	1	37,500	-
Other current liabilities	42,251	-	19,586	-
Total current liabilities	2,417,532	18	3,819,917	32
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 14)	1,500	-	-	-
Convertible Bonds payable (Notes 4 and 14)	954,978	7	-	-
Long-term borrowings (Note 13)	587,500	5	762,500	6
Deferred tax liabilities (Notes 4 and 21)	14,262	-	6,290	-
Lease liabilities - non-current (Notes 4 and 12)	3,106	-	348	-
Net defined benefit liabilities - non-current (Notes 4 and 17)	78,885	1	81,029	1
Guarantee deposits	43,140	-	16,760	-
Total non-current liabilities	1,683,371	13	866,927	7
Total liabilities	4,100,903	31	4,686,844	39
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Capital stock	4,371,307	33	4,071,307	33
Capital surplus	1,882,352	14	1,663,578	14
Retained earnings				
Legal reserve	1,124,194	9	1,061,821	9
Special reserve	185,661	1	-	-
Unappropriated earnings	522,557	4	837,235	7
Other equity	1,003,304	8	(185,661)	(2)
Total equity	9,089,375	69	7,448,280	61
TOTAL	$ 13,190,278	100	$ 12,135,124	100

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

YC INOX CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
NET REVENUE (Notes 4 and 19)	$ 12,717,152	100	$ 16,308,739	100
COST OF GOODS SOLD (Notes 5, 9 and 20)	11,532,537	91	14,727,148	90
GROSS PROFIT	1,184,615	9	1,581,591	10
OPERATING EXPENSES (Note 20)				
Selling and marketing expenses	517,820	4	574,459	4
General and administrative expenses	190,881	1	196,393	1
Total operating expenses	708,701	5	770,852	5
INCOME FROM OPERATIONS	475,914	4	810,739	5
NON-OPERATING INCOME AND EXPENSES				
Share of profits of subsidiaries (Notes 4 and 10)	52,952	-	12,951	-
Interest income	938	-	2,882	-
Other gains and losses, net	76,636	1	12,985	-
Gain on fair value changes of financial liabilities at fair value through profit or loss	1,000	-	-	-
Interest expense (Notes 4 and 20)	(29,072)	-	(25,875)	-
Loss on disposal of property, plant and equipment (Note 4)	(12,783)	-	(11,581)	-
Net foreign exchange losses (Note 4)	(65,746)	(1)	(29,417)	-
Total non-operating income and expenses	23,925	-	(38,055)	-
INCOME BEFORE INCOME TAX	499,839	4	772,684	5
INCOME TAX EXPENSE (Notes 4 and 21)	76,272	1	148,955	1
NET INCOME	423,567	3	623,729	4
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 17)	(2,068)	-	17,565	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	1,205,124	10	(258,148)	(2)
Share of other comprehensive income (loss) of subsidiaries	157,719	1	(16,143)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 21)	414	-	(3,513)	-
	1,361,189	11	(260,239)	(2)

(Continued)

YC INOX CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	$ (217,348)	(2)	$ (77,221)	-
Income tax relating to items that will be reclassified subsequently to profit or loss (Note 21)	43,470	1	15,444	-
	(173,878)	(1)	(61,777)	-
Other comprehensive income (loss) for the year	1,187,311	10	(322,016)	(2)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 1,610,878	13	301,713	2
EARNINGS PER SHARE (Note 22)				
Basic	$ 1.04		$ 1.53	
Diluted	$ 0.95		$ 1.52	

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

YC INOX CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

			Retained Earnings (Note 18)			Other Equity (Note 4)		
	Capital Stock - Ordinary Shares (Note 18)	Capital Surplus (Note 18)	Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2019	$ 4,071,307	$ 1,663,578	$ 970,836	$ -	$ 1,023,274	$ -	$ 150,407	$ 7,879,402
Appropriation of 2018 earnings								
Legal reserve	-	-	90,985	-	(90,985)	-	-	-
Cash dividends	-	-	-	-	(732,835)	-	-	(732,835)
Net profit for the year ended December 31, 2019	-	-	-	-	623,729	-	-	623,729
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	14,052	(61,777)	(274,291)	(322,016)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	637,781	(61,777)	(274,291)	301,713
BALANCE AT DECEMBER 31, 2019	4,071,307	1,663,578	1,061,821	-	837,235	(61,777)	(123,884)	7,448,280
Appropriation of 2019 earnings								
Legal reserve	-	-	62,373	-	(62,373)	-	-	-
Special reserve	-	-	-	185,661	(185,661)	-	-	-
Cash dividends	-	-	-	-	(488,557)	-	-	(488,557)
Equity component of convertible bonds issued by the Company	-	40,913	-	-	-	-	-	40,913
Issuance of cash dividends from capital surplus	-	(122,139)	-	-	-	-	-	(122,139)
Net profit for the year ended December 31, 2020	-	-	-	-	423,567	-	-	423,567
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(1,654)	(173,878)	1,362,843	1,187,311
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	421,913	(173,878)	1,362,843	1,610,878
Issuance of ordinary shares for cash	300,000	300,000	-	-	-	-	-	600,000
BALANCE AT DECEMBER 31, 2020	$ 4,371,307	$ 1,882,352	$ 1,124,194	$ 185,661	$ 522,557	$ (235,655)	$ 1,238,959	$ 9,089,375

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

YC INOX CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 499,839	$ 772,684
Adjustments for:		
Depreciation expenses	269,392	227,905
Amortization expenses	5	-
Net gain on financial liabilities at fair value through profit or loss	(1,000)	-
Interest expense	29,072	25,875
Interest income	(938)	(2,882)
Share of profits of subsidiaries	(52,952)	(12,951)
Loss on disposal of property, plant and equipment	12,783	11,581
(Reversal of write-downs) write-downs of inventories	(131,500)	20,600
Loss on foreign currency exchange	9,122	26,736
(Reversal) recognition of provisions	(300)	1,155
Changes in operating assets and liabilities:		
Notes receivable	(14,481)	53,708
Trade receivables	255,672	350,075
Other receivables	244,151	(312,332)
Inventories	346,505	448,867
Prepaid expenses	25,929	(753)
Other current assets	(485)	760
Contract liabilities	111,473	(110,945)
Notes payable	(10,020)	10,042
Trade payables	(67,892)	(105,513)
Other payables	(25,453)	(36,138)
Other current liabilities	22,665	13,670
Net defined benefit liabilities	(4,212)	(3,797)
Cash generated from operations	1,517,375	1,378,347
Interest received	938	2,882
Interest paid	(28,681)	(25,301)
Income tax paid	(31,092)	(276,274)
Net cash generated from operating activities	1,458,540	1,079,654
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(90,675)	-
Acquisition of subsidiaries	(726,146)	(940,983)
Acquisition of property, plant and equipment	(216,757)	(403,310)
Proceeds from disposal of property, plant and equipment	54,060	33,393
(Increase) decrease in refundable deposits	(1)	82,932
Decrease (increase) in other non-current assets	28,307	(9,399)
Increase in prepayments for equipment	(133,982)	(118,761)
Net cash used in investing activities	(1,085,194)	(1,356,128)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of) proceeds from short-term borrowings	(1,462,238)	1,068,284
Proceeds from issuance of convertible bonds	998,000	-
Proceeds from long-term borrowings payable	500,000	700,000
Repayments of long-term borrowings	(625,000)	(500,000)
Increase in guarantee deposits	26,380	15,025

(Continued)

YC INOX CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Repayments of the principal portion of lease liabilities	$ (1,606)	$ (726)
Cash dividends distributed	(610,696)	(732,835)
Proceeds from issuance of ordinary shares	600,000	-
Net cash generated from (used in) financing activities	(575,160)	549,748
NET (DECREASE) INCREASE IN CASH	(201,814)	273,274
CASH AT THE BEGINNING OF THE YEAR	681,748	408,474
CASH AT THE END OF THE YEAR	$ 479,934	$ 681,748

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

YC INOX CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL INFORMATION

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

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

The parent company only financial statements of the Company are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company's board of directors on March 26, 2021.

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

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

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

b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
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 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: 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 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Regulations”).

b. Basis of preparation

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

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

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

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

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

When preparing the parent company only financial statements, the Company account for subsidiaries by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and share of other comprehensive income of subsidiaries in the parent company only financial statements.

c. Classification of current and noncurrent assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Foreign currencies

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

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

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

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

e. Inventories

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

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution of earnings. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

g. Property, plant and equipment

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

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

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

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

h. Intangible assets

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

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill and concession

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at amortized cost

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

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

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

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

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

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

ii) Breach of contract, such as a default;

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

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

ii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

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

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

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

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

ii. When a financial asset is more than 181 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

3) Convertible bonds

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

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

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

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

k. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

l. Revenue recognition

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

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

m. Leasing

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

1) The Company as lessor

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

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

2) The Company as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

n. Borrowing costs

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

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

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

o. Government grants

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred tax

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty - Write-down of Inventories

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

6. CASH

	December 31	
	2020	2019
Cash on hand	$ 1,208	$ 1,048
Checking accounts and demand deposits	478,726	680,700
	$ 479,934	$ 681,748
Annual interest rate (%)		
Demand deposits	0.001-0.2	0.001-0.65

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

	December 31	
	2020	2019
Investments in equity instruments at FVTOCI		
Foreign unlisted shares	$ 258,744	$ 380,723
Domestic unlisted shares	1,865,615	447,837
	$ 2,124,359	$ 828,560

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

8. TRADE RECEIVABLES

	December 31	
	2020	2019
At amortized cost		
Gross carrying amount	$ 964,579	$ 1,224,823
Less: Allowance for impairment loss	(1,628)	(1,845)
	$ 962,951	$ 1,222,978

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

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

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

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

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

	Not Past Due	Past Due 1-60 Days	Past Due 61-120 Days	Past Due 121-180 Days	Past Due More than 180 Days	Total
December 31, 2020						
Expected credit loss rate	0%	1%	10%	50%	100%	
Gross carrying amount	$ 874,776	$ 89,667	$ 29	$ 107	$ -	$ 964,579
Loss allowance	-	(1,571)	(3)	(54)	-	(1,628)
Amortized cost	$ 874,776	$ 88,096	$ 26	$ 53	$ -	$ 962,951
December 31, 2019						
Expected credit loss rate	0%	1%	10%	50%	100%	
Gross carrying amount	$ 1,098,273	$ 126,550	$ -	$ -	$ -	$ 1,224,823
Loss allowance	-	(1,845)	-	-	-	(1,845)
Amortized cost	$ 1,098,273	$ 124,705	$ -	$ -	$ -	$ 1,222,978

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

	For the Year Ended December 31 2020	2019
Balance at January 1	$ 1,845	$ 1,845
Less: Amounts written off	(217)	-
Balance at December 31	$ 1,628	$ 1,845

Refer to Note 24 for details of the factoring for trade receivables.

9. INVENTORIES

	December 31 2020	2019
Raw materials	$ 890,966	$ 1,257,893
Work in progress	96,344	84,402
Semi-finished goods	389,615	313,217
Finished goods	1,609,339	1,547,197
Merchandise	25,968	24,528
	$ 3,012,232	$ 3,227,237

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was $11,532,537 thousand and $14,727,148 thousand, respectively. The cost of goods sold included the gain on reversal of inventory write-downs of $131,500 thousand and loss on inventory write-downs of $20,600 thousand. Inventory write-downs were reversed as a result of increased selling prices of raw materials.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD - INVESTMENTS IN SUBSIDIARIES

	December 31			
	2020		2019	
Investments in Subsidiaries	Amount	Proportion of Ownership (%)	Amount	Proportion of Ownership (%)
Chi Mao Investment Co., Ltd. (Chi Mao Company)	$ 255,824	100	$ 87,255	100
YC INOX TR CELIK SANAYI VE TICARET A.S. (YC INOX TR Company)	1,430,801	100	879,901	100
	$ 1,686,625		$ 967,156	

In February 2019, the Company invested $11,794 thousand for the establishment of YC INOX TR Company and acquired 100% of its interest, and invested an additional $929,189 thousand and $726,146 thousand in the subsidiary in July 2019 and September 2020, respectively. The aforementioned investment has been approved by the Overseas Chinese and Foreign Investment Commission of the Ministry of Economic Affairs.

The share of profit or loss and other comprehensive income of the subsidiaries accounted for using the equity method for the years ended December 31, 2020 and 2019 were recognized based on the subsidiaries' financial statements which have been audited for the same years.

11. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2020				
	Balance, Beginning of the Year	Additions	Disposals	Reclassifications	Balance, End of the Year
Cost					
Land	$ 1,999,794	$ -	$ -	$ -	$ 1,999,794
Land improvements	13,046	450	-	-	13,496
Buildings	1,424,307	18,931	-	42,259	1,485,497
Machinery and equipment	2,432,636	68,056	(78,971)	147,207	2,568,928
Transportation equipment	139,433	37,184	(57,855)	16,520	135,282
Office equipment	105,678	15,505	(1,667)	4,973	124,489
Other equipment	513,693	47,646	(7,035)	60,218	614,522
Construction in progress	25,621	-	-	(25,621)	-
	6,654,208	$ 187,772	$ (145,528)	$ 245,556	6,942,008

(Continued)

	For the Year Ended December 31, 2020				
	Balance, Beginning of the Year	Additions	Disposals	Reclassifications	Balance, End of the Year
Accumulated depreciation					
Land improvements	$ 6,612	$ 1,428	$ -	$ -	4 8,040
Buildings	463,979	68,965	-	-	532,944
Machinery and equipment	1,623,754	130,859	(56,082)	-	1,698,531
Transportation equipment	33,943	17,401	(13,952)	-	37,392
Office equipment	71,646	12,474	(1,667)	-	82,453
Other equipment	232,651	36,693	(6,984)	-	262,360
	2,432,585	$ 267,820	$ (78,685)	$ -	2,621,720
	$ 4,221,623				$ 4,320,288

(Concluded)

	For the Year Ended December 31, 2019				
	Balance, Beginning of the Year	Additions	Disposals	Reclassifications	Balance, End of the Year
Cost					
Land	$ 1,999,794	$ -	$ -	$ -	$ 1,999,794
Land improvements	11,001	2,045	-	-	13,046
Buildings	836,908	56,292	-	531,107	1,424,307
Machinery and equipment	2,015,989	169,783	(17,455)	264,319	2,432,636
Transportation equipment	107,672	70,354	(53,353)	14,760	139,433
Office equipment	83,021	20,471	(725)	2,911	105,678
Other equipment	370,236	54,971	(2,293)	90,779	513,693
Construction in progress	544,408	24,891	-	(543,678)	25,621
	5,969,029	$ 398,807	$ (73,826)	$ 360,198	6,654,208
Accumulated depreciation					
Land improvements	5,358	$ 1,254	$ -	$ -	6,612
Buildings	407,461	56,518	-	-	463,979
Machinery and equipment	1,525,046	114,877	(15,591)	(578)	1,623,754
Transportation equipment	26,691	17,628	(10,376)	-	33,943
Office equipment	62,976	9,395	(725)	-	71,646
Other equipment	206,670	27,563	(2,160)	578	232,651
	2,234,202	$ 227,235	$ (28,852)	$ -	2,432,585
	$ 3,734,827				$ 4,221,623

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

Land improvements	10 years
Buildings	
Office buildings	35 years
Plants	20 years
Machinery and equipment	5-15 years
Transportation equipment	8 years
Office equipment	3-5 years
Other equipment	5-20 years

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

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

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amount		
Land	$ 306	$ 668
Buildings	1,600	-
Other equipment	4,627	-
	$ 6,533	$ 668

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 7,437	$ -
Depreciation of right-of-use assets		
Land	$ 362	$ 362
Buildings	400	308
Other equipment	810	-
	$ 1,572	$ 670

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount		
Current	$ 3,486	$ 413
Non-current	3,106	348
	$ 6,592	$ 761

Discount rates for lease liabilities were as follows:

	December 31	
	2020	2019
Land	1.20%	1.20%
Buildings	1.15%	-
Other equipment	0.88%	-

c. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to low value asset leases	$ 83	$ 72
Total cash outflow for leases	$ 1,731	$ 798

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

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

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

13. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
Unsecured borrowings		
Letter of credit borrowings and export bills	$ 1,196,550	$ 2,058,788
Line of credit borrowings	300,000	900,000
	$ 1,496,550	$ 2,958,788
Annual interest rate range (%)		
Letter of credit borrowings and export bills	0.43-0.83	0.94-1.00
Line of credit borrowings	0.72-0.83	0.76-0.99

b. Long-term borrowings

	December 31	
	2020	2019
Unsecured borrowings		
Line of credit borrowings	$ 675,000	$ 800,000
Less: Current portions	(87,500)	(37,500)
	$ 587,500	$ 762,500
Annual interest rate range (%)	0.88-0.90	0.79-1.32

	Contract Period	Major Contract Terms	December 31 2020	December 31 2019
Bank				
Bank of Taiwan	2020.11-2023.11	Interest payable monthly, one-time repayment of principal in full on the maturity date	$ 100,000	$ 100,000
The Export-Import Bank of the Republic of China	2020.03-2025.03	Interest payable monthly, one-time repayment of principal in full on the maturity date	200,000	400,000
Chang Hwa Commercial Bank	2018.12-2023.12	Interest payable monthly, one-time repayment of principal in full one year after the maturity date	75,000	100,000
Hua Nan Commercial Bank	2019.07-2025.08	Interest payable monthly, one-time repayment of principal in full one year after the maturity date	200,000	100,000
E.SUN BANK	2020.02-2023.02	Interest payable monthly, one-time repayment of principal in full one year after the maturity date	100,000	100,000
Less: Current portion			(87,500)	(37,500)
			$ 587,500	$ 762,500

14. CONVERTIBLE BONDS PAYABLE

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

On December 15, 2020, the Company issued 5-year, 0% NTD-denominated unsecured convertible bonds in Taiwan for $1,000,000 thousand, and the maturity date of the bonds is December 15, 2025. Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of $26.5, such conversion price shall be later adjusted in accordance with the formula started in the Anti-dilution provisions of the "Rules and conditions of issuance and conversion of the 3rd domestic unsecured corporate bonds" (from the date of December 18, 2020, the conversion price has been adjusted to $26). For the period from the day following three months after the date of issuance of the convertible bonds (March 16, 2021) to 40 days before the maturity date (November 5, 2025), if the closing share price of the Company exceed 30% of the prevailing conversion price for 30 consecutive business days, or the outstanding balance falls lower than 10% of the original total issuance amount, the Company may redeem the bonds in cash at face value. In addition, holders may request to sell the bonds they hold back to the Company at any time within 30 days before the expiry of the third year from the date of issuance (December 15, 2023).

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

Changes in the main contract of the debt and sell-back rights of derivatives (recognized as financial liabilities at FVTPL - non-current) from the issuance date to December 31, 2020 are as follows:

Proceeds from issuance (less issuance costs of $2,000 thousand)	$ 998,000
Equity component (less issuance costs allocated to the equity component of $87 thousand)	(40,913)
Financial liabilities	(2,500)
Liability component at the date of issuance	954,587
Amortization of the current year	391
Balance at December 31, 2020	$ 954,978

15. OTHER PAYABLES

	December 31	
	2020	2019
Payables for salaries and bonuses	$ 108,087	$ 127,159
Payables for acquisition of equipment	60,927	89,912
Payables for employees' profit sharing bonus and directors' compensation	37,622	58,159
Payables for commission	11,369	17,787
Others	112,861	92,380
	$ 330,866	$ 385,397

16. PROVISIONS - CURRENT

When calculating the provision for sales rebates, product discounts which may occur are estimated based on the sales contracts, annual purchase amounts and other known reasons. The rebates are recognized as a deduction to sales revenue in the year the products are sold.

Movements of provisions were as follows:

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 3,033	$ 1,878
(Reversal of) additional provision recognized	(300)	1,155
Balance at December 31	$ 2,733	$ 3,033

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plans

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

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

	December 31	
	2020	**2019**
Present value of defined benefit obligation	$ 160,629	$ 162,903
Fair value of plan assets	(81,321)	(81,447)
Net liabilities recognized in the parent company only balance sheets	79,308	81,456
Other payables	(423)	(427)
Net defined benefit liabilities	$ 78,885	$ 81,029

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Liabilities Recognized in the Parent Company only Balance Sheets**
Balance at January 1, 2019	$ 184,246	$ (81,409)	$ 102,837
Service cost			
Current service cost	503	-	503
Net interest expense (income)	1,810	(812)	998
Recognized in profit or loss	2,313	(812)	1,501
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,842)	(2,842)
Actuarial loss-Changes in demographic assumptions	6	-	6
Actuarial gain-Changes in financial assumptions	(4,197)	-	(4,197)
Actuarial gain-Experience adjustments	(10,532)	-	(10,532)
Recognized in other comprehensive income (loss)	(14,723)	(2,842)	(17,565)
Contributions from the employer	-	(5,317)	(5,317)
Benefits paid	(8,933)	8,933	-
Balance at December 31, 2019	162,903	(81,447)	81,456

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Liabilities Recognized in the Parent Company only Balance Sheets
Service cost			
Current service cost	$ 403	$ -	$ 403
Net interest expense (income)	1,205	(616)	589
Recognized in profit or loss	1,608	(616)	992
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,716)	(2,716)
Actuarial gain-Changes in demographic assumptions	(2)	-	(2)
Actuarial loss-Changes in financial assumptions	7,015	-	7,015
Actuarial gain-Experience adjustments	(2,229)	-	(2,229)
Recognized in other comprehensive income (loss)	4,784	(2,716)	2,068
Contributions from the employer	-	(5,208)	(5,208)
Benefits paid	(8,666)	8,666	-
Balance at December 31, 2020	$ 160,629	$ (81,321)	$ 79,308

(Concluded)

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

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

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

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

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

	December 31	
	2020	2019
Discount rate(s)	0.30%	0.75%
Expected rate(s) of salary increase	2.00%	2.00%

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

	December 31	
	2020	2019
Discount rate(s)		
0.25% increase	$ (3,953)	$ (4,170)
0.25% decrease	$ 4,097	$ 4,326
Expected rate(s) of salary increase		
0.25% increase	$ 4,017	$ 4,262
0.25% decrease	$ (3,897)	$ (4,130)

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

	December 31	
	2020	2019
Expected contributions to the plans for the next year	$ 5,606	$ 5,723
Average duration of the defined benefit obligation	9 years	10 years

18. EQUITY

a. Capital stock

	December 31	
	2020	2019
Authorized shares (in thousands of shares)	499,000	499,000
Authorized capital	$ 4,990,000	$ 4,990,000
Issued and paid shares (in thousands of shares)	437,131	407,131
Issued capital	$ 4,371,307	$ 4,071,307

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

In October 2020, the Company's board of directors resolved to issue cash capital increase of 30,000 thousand ordinary shares at par value of $10, which increased the paid-in capital to $4,371,307 thousand. Such cash capital increase was approved by the FSC and entered into effective on December 25, 2020, the book closure ending date was December 18, 2020, and the change of paid-in capital registration has completed.

b. Capital surplus

	December 31	
	2020	2019
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to capital</u>		
Additional paid-in capital	$ 1,841,439	$ 1,663,578
<u>Not allowed to be used for any purpose</u>		
Option of convertible bonds	40,913	-
	$ 1,882,352	$ 1,663,578

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

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended articles of incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for the distribution of dividends and bonuses to stockholders. For the policies on the distribution of employees' profit sharing bonus and directors' compensation, please refer to Note 20(c).

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

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

The Company appropriates or reverses special reserve in compliance with the FSC's letter of Jin-Guan-Zheng-Fa-Zi No. 1010012865, the "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" and other applicable regulations.

The appropriations of 2019 and 2018 earnings which were approved by shareholders in the shareholders' meetings in June 2020 and June 2019, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2019	**2018**
Legal reserve	$ 62,373	$ 90,985
Special reserve	$ 185,661	$ -
Cash dividends	$ 488,557	$ 732,835
Cash dividends per share (NT$)	$ 1.2	$ 1.8

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

The appropriation of the 2020 earnings which has been proposed by the Company's board of directors on March 26, 2021 was as follows:

	Appropriation of Earnings
Legal reserve	$ 42,191
Reversal of special reserve	$ 185,661
Cash dividends	$ 655,696
Cash dividends per share (NT$)	$ 1.5

The appropriation of the 2020 earnings is subject to the resolution of the shareholders in the shareholders' meeting to be held in June 2021.

19. NET REVENUE

	For the Year Ended December 31	
	2020	**2019**
Revenue from contracts with customers		
Revenue from the sale of goods	$ 12,717,152	$ 16,308,739

Contract liabilities

	December 31	
	2020	**2019**
Contract balance		
Sale of goods	$ 290,364	$ 178,891

20. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest expense

	For the Year Ended December 31	
	2020	2019
Interest on borrowings	$ 28,672	$ 27,334
Interest on short-term bills payable	207	942
Interest on lease liabilities	42	14
Interest on convertible bonds	391	-
	29,312	28,290
Less: Capitalized interest amount	(240)	(2,415)
	$ 29,072	$ 25,875

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2020	2019
Capitalized interest amount	$ 240	$ 2,415
Capitalization rate (%)	0.66-1.18	0.64-0.98

b. Employee benefits expense, depreciation expense and amortization expense

	For the Year Ended December 31					
	2020			2019		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Short-term employee benefits	$ 442,757	$ 144,146	$ 586,903	$ 470,960	$ 160,511	$ 631,471
Post-employment benefits						
Defined contribution plans	15,879	4,611	20,490	17,186	4,418	21,604
Defined benefit plans	740	252	992	1,126	375	1,501
Directors' remuneration	-	12,699	12,699	-	18,567	18,567
Labor and health insurance expense	41,067	10,521	51,588	44,515	10,983	55,498
Other employee benefits	36,630	6,258	42,888	41,313	6,731	48,044
Depreciation expense	240,448	28,944	269,392	201,038	26,867	227,905
Amortization expense	-	5	5	-	-	-

As of December 31, 2020 and 2019, the Company had 869 and 922 employees, respectively; and the number of directors not concurrently serving as employees was 5 for both years. The calculation basis is consistent with that for employee benefits expense.

As of December 31, 2020 and 2019, average employee benefits expense was $813 thousand and $826 thousand, respectively, and average employee salary expense was $679 thousand and $688 thousand, respectively. Average employee salary expense decreased by 1% compared to the previous year.

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

The performance evaluation of the Company's managerial officers not only considers the Company's overall operating performance, future business risks and development trends of the industry, but also the individual's performance achievement rate and contribution to the Company's performance to grant the reasonable compensation. The payment shall be determined in compliance with the "Policies and Regulations of Salary and Compensation" and salary-related management regulations of the Company, which shall be sufficient to commend the responsibility and risk they bear.

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

There was no supervisor-related remuneration since the Company did not have any supervisor in 2020 and 2019.

The compensation paid to employees is determined based on the provisions of the "Payroll Policy", and referred to the salary level of the similar position in the same industry, their responsibilities in the Company, and their contribution to the Company's operating goals, to grant reasonable compensation.

c. Employees' profit sharing bonus and directors' compensation

According to the Articles of Incorporation of the Company, if the Company has profit in the year, the Company should accrue employees' profit sharing bonus and directors' compensation at the rates of 5% and no higher than 2%, respectively, of net income before income tax. Employees' profit sharing bonus and directors' compensation for the years ended December 31, 2020 and 2019 were estimated as follows.

	For the Year Ended December 31			
	2020		2019	
	Accrual Rate	**Amount**	**Accrual Rate**	**Amount**
Employees' profit sharing bonus	5%	$ 26,873	5%	$ 41,542
Directors' compensation	2%	10,749	2%	16,617

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

There is no difference between the actual amounts of employees' profit sharing bonus and directors' compensation paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2019 and 2018.

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

21. INCOME TAXES

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

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 42,598	$ 158,962
Adjustment for prior years	(6,121)	(173)
	36,477	158,789
Deferred tax		
In respect of the current year	39,795	(9,834)
Income tax expense recognized in profit or loss	$ 76,272	$ 148,955

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

	For the Year Ended December 31	
	2020	2019
Income tax expense calculated at the statutory rate	$ 99,968	$ 154,537
Nondeductible expenses in determining taxable income	1,475	1,570
Tax-exempt income	(19,050)	(7,735)
Unrecognized deductible temporary differences	-	756
Income tax adjustments on prior years	(6,121)	(173)
Income tax expense recognized in profit or loss	$ 76,272	$ 148,955

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Company only deducts those amounts that has actually put into reinvestment of capital assets.

b. Deferred tax assets and liabilities

	For the Year Ended December 31, 2020			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred Tax Assets				
Temporary differences				
Defined benefit obligations	$ 16,292	$ (844)	$ 414	$ 15,862
Unrealized loss on inventories	29,180	(26,300)	-	2,880
Payables for annual leave	4,420	209	-	4,629
Unrealized exchange loss	6,198	(4,888)	-	1,310
Exchange differences on translating the financial statements of foreign operations	15,444	-	43,470	58,914
Others	176	-	-	176
	$ 71,710	$ (31,823)	$ 43,884	$ 83,771

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

	For the Year Ended December 31, 2019			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred Tax Assets				
Temporary differences				
Defined benefit obligations	$ 20,568	$ (763)	$ (3,513)	$ 16,292
Unrealized loss on inventories	25,060	4,120	-	29,180
Payables for annual leave	-	4,420	-	4,420
Unrealized exchange loss	404	5,794	-	6,198
Exchange differences on translating the financial statements of foreign operations	-	-	15,444	15,444
Others	176	-	-	176
	$ 46,208	$ 13,571	$ 11,931	$ 71,710
Deferred Tax Liabilities				
Temporary differences				
Allowance for impairment loss on trade receivables	$ 1,663	$ 509	$ -	$ 2,172
Unrealized revaluation appreciation	890	-	-	890
Unappropriated earnings of subsidiaries	-	3,228	-	3,228
	$ 2,553	$ 3,737	$ -	$ 6,290

c. Income tax assessments

The tax returns through 2018 of the Company have been assessed by the tax authorities.

22. EARNINGS PER SHARE

	Net Profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Share (NT$)
For the Year Ended December 31, 2020			
Basic earnings per share			
Net income for the year attributable to owners of the Company	$ 423,567	407,460	$1.04
Effect of potentially dilutive ordinary shares:			
Convertible bonds	48	38,461	
Employees' profit sharing bonus	-	1,401	
Diluted earnings per share			
Net income for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 423,615	447,322	$0.95
For the Year Ended December 31, 2019			
Basic earnings per share			
Net income for the year attributable to owners of the Company	$ 623,729	407,131	$1.53
Effect of potentially dilutive ordinary shares:			
Employees' profit sharing bonus	-	1,967	
Diluted earnings per share			
Net income for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 623,729	409,098	$1.52

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

23. CAPITAL MANAGEMENT

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

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

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

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

24. FINANCIAL INSTRUMENTS

a. Fair value

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

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

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

Fair Value Hierarchy

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Financial assets at FVTOCI				
Domestic and foreign unlisted shares	$ 1,865,615	$ -	$ 258,744	$ 2,124,359
December 31, 2019				
Financial assets at FVTOCI				
Domestic and foreign unlisted shares	$ -	$ -	$ 828,560	$ 828,560

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

In 2020, the Company transferred $1,865,615 thousand from Level 3 to Level 1 as its investee company is listed on the emerging stock board of the Taipei Exchange and thus assessed as being traded in an active market.

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

The fair values of unlisted equity securities were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

b. Categories of financial instruments

	December 31	
	2020	2019
Financial assets		
Financial assets at amortized cost (1)	$ 1,756,419	$ 2,452,303
Financial assets at FVTOCI		
Equity instruments	2,124,359	828,560
Financial liabilities		
Amortized cost (2)	3,621,798	4,360,122
Financial liabilities at FVTPL		
Derivatives	1,500	-

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

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

c. Financial risk management objectives and policies

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

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

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

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of the Company’s foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 28.

<u>Sensitivity analysis</u>

The Company is mainly exposed to the USD and EUR.

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

	USD Impact		EUR Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019
Profit or loss	$ 9,842	$ 14,656	$ 171	$ 404

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

b) Interest rate risk

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

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

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets	$ 2,985	$ 2,500
Financial liabilities	961,570	761
Cash flow interest rate risk		
Financial assets	478,599	670,574
Financial liabilities	2,171,550	3,758,788

Sensitivity analysis

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

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Company's income before income tax for the years ended December 31, 2020 and 2019 would have decreased/increased by $1,693 thousand and $3,088 thousand, respectively.

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

2) Credit risk

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

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

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

3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. The Company had available unutilized bank loan facilities set out as follows:

	For the Year Ended December 31	
	2020	**2019**
Unutilized bank loan limits	$ 13,915,290	$ 13,837,412

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

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

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

	Less than 1 Year	**1-3 Years**	**Total**
December 31, 2020			
Non-interest bearing liabilities	$ 742,495	$ -	$ 742,495
Lease liabilities	3,531	3,131	6,662
Floating interest rate liabilities	1,584,050	587,500	2,171,550
	$ 2,330,076	$ 590,631	$ 2,920,707

	Less than 1 Year	1-3 Years	Total
December 31, 2019			
Non-interest bearing liabilities	$ 763,465	$ -	$ 763,465
Lease liabilities	420	350	770
Floating interest rate liabilities	2,996,288	762,500	3,758,788
	$ 3,760,173	$ 762,850	$ 4,523,023

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	More than 20 Years
December 31, 2020						
Lease liabilities	$ 3,531	$ 3,131	$ -	$ -	$ -	$ -
December 31, 2019						
Lease liabilities	$ 420	$ 350	$ -	$ -	$ -	$ -

d. Transfers of financial assets

Information regarding the Company's trade receivables factoring was as follows:

Counterparty	Proceeds from the Factoring of Receivables in the Current Period	Advances Paid at the End of the Period	Advances - Annual Interest Rate	Credit Limit
December 31, 2020				
Fubon bank	$ 338,380	$ 120,026	2M TAFIX3 +0.25%	USD 53,500
	(USD 11,881)	(USD 4,214)		
December 31, 2019				
Fubon bank	$ 505,769	$ 52,972	2M TAFIX3 +0.25%	USD 53,500
	(USD 16,870)	(USD 1,767)		

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

25. TRANSACTIONS WITH RELATED PARTIES

a. Categories of related parties categories

Related Party	Relationship with the Company
Chi Mao Company	Subsidiary
Tai Chyang Investment Co. Ltd.	Other Related Party

b. Other income

	For the Year Ended December 31	
	2020	2019
Subsidiaries	$ 66	$ 66
Other related parties	30	30
	$ 96	$ 96

c. Remuneration of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	$ 45,819	$ 57,178
Post-employment benefits	509	463
	$ 46,328	$ 57,641

26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2020	2019
Pledged time deposits (classified as other current assets)	$ 2,985	$ 2,500

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencies and unrecognized commitments of the Company as of December 31, 2020 and 2019 were as follows:

a. As of December 31, 2020 and 2019, unused letters of credit for purchases of raw materials amounted to $436,516 thousand and $481,120 thousand, respectively.

b. Unrecognized commitments were as follows:

	December 31	
	2020	2019
Acquisition of property, plant and equipment	$ 154,402	$ 151,988

c. On January 6, 2021, YC INOX TR Company has signed a contract with a total of USD27,000 thousand for the construction of mills and office buildings.

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
December 31, 2020			
Financial assets			
USD	$ 34,558	28.48	$ 984,213
EUR	488	35.02	17,098
December 31, 2019			
Financial assets			
USD	48,887	29.98	1,465,628
EUR	1,203	33.59	40,421

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

	For the Year Ended December 31, 2020		For the Year Ended December 31, 2019	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	28.48 (USD:NTD)	$ (66,333)	29.98 (USD:NTD)	$ (32,463)
EUR	35.02 (EUR:NTD)	588	33.59 (EUR:NTD)	3,043

29. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others (None)

2) Endorsements/guarantees provided (None)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 1)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (Table 2)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

9) Trading in derivative instruments (None)

10) Information on investees (Table 3)

b. Information on investments in mainland China (None)

c. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 4)

YC INOX CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	Ending Balance			
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value (Notes 1 and 2)
The Company	Ordinary Shares						
	AltruBio Inc. (Note 3)	None	Financial assets at fair value through other comprehensive income - non-current (FVTOCI)	11,051	$ 90,843	9.33	$ 90,843
	Gongwin Biopharm Holdings Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current (FVTOCI)	7,720	1,865,615	7.07	1,865,615
	Preference Shares						
	AltruBio Inc. (Note 3)	None	Financial assets at fair value through other comprehensive income - non-current (FVTOCI)	20,426	167,901	6.33	167,901
Chi Mao Company	Ordinary Shares						
	AltruBio Inc. (Note 3)	None	Financial assets at fair value through other comprehensive income - non-current (FVTOCI)	560	4,603	0.47	4,603
	Gongwin Biopharm Holdings Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current (FVTOCI)	930	224,786	0.85	224,786
	Preference Shares						
	AltruBio Inc. (Note 3)	None	Financial assets at fair value through other comprehensive income - non-current (FVTOCI)	5,305	43,607	1.64	43,607

Note 1: The fair value of investments in unlisted shares was determined using the income approach.

Note 2: The fair value of investments in shares listed on the emerging stock market was determined using their average closing prices on December 31, 2020.

Note 3: In June 2020, the company changed its name from AbGenonics Holding Inc. to AltruBio Inc.

TABLE 2

YC INOX CO., LTD AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares (Note)	Amount	Number of Shares (Note)	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares (Note)	Amount
The Company	YC INOX TR Company	Investment accounted for using the equity method	YC INOX TR Company	Subsidiary	172	$ 940,983	188	$ 726,146	-	$ -	$ -	$ -	360	$ 1,667,129

Note: YC INOX TR Company has a par value of 1,000 Liras per share.

TABLE 3

YC INOX CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net Income (Loss) of the Investee	Share of Profit (Loss)
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount		
The Company	Chi Mao Company	Xizhou Township, Changhua County, Taiwan	Investment	$ 100,120	$ 100,120	10,000,000	100	$ 255,824	$ 10,850	$ 10,850
	YC INOX TR Company	Turkey	Manufacturing and distribution of stainless steel tubes/pipes and sheets/coils	1,667,129	940,983	360	100	1,430,801	42,102	42,102

TABLE 4

YC INOX CO., LTD

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares Held	Percentage of Ownership (%)
Tai Chyang Investment Co. Ltd.	59,909,508	13.70%
Shun Chyang Investment Co. Ltd.	26,817,298	6.13%

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

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

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

7.1 Financial Status

7.1.1 Comparative Analysis of Financial Status

Unit: NT$ thousands

Item \ Year	2020	2019	Difference	
			Amount	%
Current Assets	5,693,449	6,259,308	(565,859)	-9.04%
Property, plant and equipment	4,644,058	4,609,174	34,884	0.76%
Other Noncurrent Assets	2,875,056	1,273,885	1,601,171	125.69%
Total Assets	**13,212,563**	**12,142,367**	**1,070,196**	**8.81%**
Current Liabilities	2,439,496	3,826,106	(1,386,610)	-36.24%
Noncurrent Liabilities	1,683,692	867,981	815,711	93.98%
Total Liabilities	**4,123,188**	**4,694,087**	**(570,899)**	**-12.16%**
Capital	4,371,307	4,071,307	300,000	7.37%
Capital Reserve	1,882,352	1,663,578	218,774	13.15%
Retained Earnings	1,832,412	1,899,056	(66,644)	-3.51%
Other Equity	1,003,304	(185,661)	1,188,965	640.40%
Total Equity	**9,089,375**	**7,448,280**	**1,641,095**	**22.03%**

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

A. Increase in other noncurrent assets: Mainly due to the financial assets at fair value through other comprehensive income- non-current of end of 2020 increased by NT$ 1,520,498 thousand compared with end of 2019.

B. Decrease in current liabilities: Mainly due to the short-term liabilities of end of 2020 decreased by NT$1,442,238 thousand compared with end of 2019.

C. Increase in noncurrent liabilities: Due to the convertible bonds payable of end of 2020 increased by NT$954,978 thousand compared with end of 2019.

D. Increase in other equity: Mainly due to the unrealized gain (loss) on investments in financial assets at fair value through other comprehensive income of end of 2020 increased by NT$1,362,843 thousand compared with end of 2019.

7.2 Financial Performance

7.2.1 Comparative Analysis of Financial Performance

Unit: NT$ thousands

Items \ Year	2020	2019	Difference	
			Amount	%
Net Revenue	12,717,152	16,308,739	(3,591,587)	-22.02%
Cost of Goods Sold	(11,532,537)	(14,727,148)	3,194,611	-21.69%
Gross Profit	1,184,615	1,581,591	(396,976)	-25.10%
Operating Expenses	(719,986)	(779,483)	59,497	-7.63%
Income from Operations	464,629	802,108	(337,479)	-42.07%
Non-Operating Income and Expenses	47,497	(24,744)	72,241	291.95%
Income Before Income Tax	512,126	777,364	(265,238)	-34.12%
Income Tax Expense	(88,559)	(153,635)	65,076	-42.36%
Net Income	423,567	623,729	(200,162)	-32.09%

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

A. Decrease in net revenue and cost of goods sold: Mainly due to the impact of Covid-19, sales volume decreased significantly.

B. Increase in non-operating income and expenses: Mainly due to the receipt of salary relief subsidy and electricity expense reduction from the Executive Yuan and the Taiwan Power Company for covering losses caused by Covid-19.

C. Decrease in income tax expense: Due to the decrease in income before income tax.

D. In summary, the income before income tax of 2020 decreased by NT$265,238 thousand compared with 2019, and the net income of 2020 decreased by NT$200,162 thousand compared with 2019.

7.2.2 Expected Sales Volume in the Future and Its Basis

Unit: Metric Ton

Items	2021 Estimated	2020 Actual	Achievement rate (%)
Stainless Steel Tube and Pipe	88,040	84,494	4.20
Stainless Steel Sheet and Coil	101,200	91,574	10.51
Other Stainless Steel Products	3,360	3,395	(1.03)
Total	192,600	179,463	7.32

Basic theory:

In 2020, the outbreak of COVID-19 rapidly spread to the world, severely damaged the global economic development, resulting in the shrinking of the overall stainless steel industry demand. In addition to reducing inventory, diversifying the source of raw material procurement and create the added value of products, we also adjust the product sales portfolio in a timely manner to maximize profits.

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

7.3 Cash Flow Analysis

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

Unit: NT$ thousands

Cash and Cash Equivalents at the Beginning of the Year (January 1,2020)	Net Cash Generated from Operating Activities	Net Cash Used in Investing and Financing Activities	Cash Balance (Deficit), End of the Year	Remedial Measures for Cash Deficit	
				Investment Plans	Financing Plans
791,926	1,750,836	(1,198,090)	562,216	NA	NA

A. NT$1.751 billion net cash generated from operating activities: NT$512,126 thousand income before income tax, NT$270,317 thousand of depreciation expenses, and NT$90,181 thousand of income tax expense.

B. NT$642 million net cash used in investing activities: Mainly due to the continuous purchase of property, plant and equipment.

C. NT$556 million net cash used in financing activities: Mainly due to proceeds and repayments of long-term and short-term borrowings and distribution of cash dividends.

D. Remedial measures for insufficient liquidity: Not applicable.

7.3.2 Cash Flow Analysis for the Coming Year

Unit: NT$ thousands

Cash and Cash Equivalents at the Beginning of the Year (January 1,2021)	Estimated Net Cash Generated from Operating Activities	Estimated Net Cash Used in Investing and Financing Activities	Estimated Cash Balance (Deficit), End of the Year	Remedial Measures for Cash Deficit	
				Investment Plans	Investment Plans
1,354,142	293,929	(826,779)	(532,850)	NA	See the explanation below

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

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

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

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

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

7.4.1 Uses of major capital expenditure and sources of funds

Unit: NT$ thousands

Project	Actual or Planned Source of Funds	Actual or Scheduled Date of Completion	Total Funds Need	Actual or Planned Capital Expenditure	
				2020	2021
Purchase of machinery and other equipment	Equity or Financing	2020~2021	1,278,054	532,861	745,193
Buildings	Equity or Financing	2020~2021	449,721	73,101	376,620

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

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

7.5.1 Investment Policy

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

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

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

Unit: NT$ thousands

Description / Item	Original Investment Amount	Policy	Cause for Profit or Loss	Improvement Plan	Future Investment Plan
Ji-Mao Investment Co., Ltd. (Note 1)	100,120	Non-operating investment	Diversified investment	Not applicable	—
YC INOX TR Çelik Sanayi ve Ticaret A.Ş. (Note 1)	1,667,129	Development of overseas business, enhance competitiveness and operating performance	Net foreign exchange gains	Not applicable	(Note 2)
AltruBio Inc.	533,107	Non-operating investment	Research development and stable operation	Not applicable	—
Gongwin Biopharm Holdings Co., Ltd.	504,477	Non-operating investment	Research development and stable operation	Not applicable	—

Note 1: Abovementioned entities are subsidiaries of the Company.

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

7.6 Risk Management and Evaluation

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

A. Impact on profit and loss of the Company:

Unit: NT$ thousands

Year / Item	2019	2020
Debt to Assets Ratio (%)	38.65	31.20
Interest Expense	25,985	29,502
Income from Operations	802,108	464,629
Interest Expense to Income from Operations (%)	3.24	6.35

1. Interest Rate Fluctuation:

The ratio of borrowings to the total funds of the Company is not significant. With its equity funds reaching 60%, interest rate fluctuation only has limited impact on the Company's profit and loss.

2. Foreign Exchange Rate Fluctuation:

The Company strives for expanding overseas markets, so the exchange rate fluctuation of the US dollar against the New Taiwan dollar has an impact on the Company's profit and loss.

3. Inflation:

As the global economy is still at a low level, oil prices and various raw material prices are still stable. Therefore, the price index will not fluctuate much, and the inflation will be stable, we think the Company's operating costs will also be stable.

B. Future countermeasures:

1. Interest Rate Fluctuation:

The Finance Department maintains close communication with various financial institutions, to collect relevant information on interest rate fluctuation at any time, well know its trend to reduce the negative impact of interest rate fluctuation.

2. Foreign Exchange Rate Fluctuation:

When quoting foreign customers, the exchange rate trend must be considered to reduce the impact of exchange rate fluctuations on the order. The Company has opened foreign currency deposit accounts to reserve foreign currency positions in response to foreign currency funding needs, and continuously monitors exchange rate fluctuation, adjusts foreign exchange balances in a timely manner.

Effectively use financial instruments such as forward foreign exchange transactions and selling of foreign accounts receivable to avoid foreign exchange risks, and deal with said transactions in accordance with the Procedures for engaging in derivatives trading to strengthen risk control.

3. Inflation:

The Company will pay close attention to the inflation, and appropriately adjust product prices and raw material inventory to reduce the impact of inflation on the Company.

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

So far, the Company did not engage in loans to others and endorsements and guarantees; Derivatives trading should in principle be conducted for the purpose of risk avoidance. The Company's derivatives trading are mainly the forward foreign exchange contracts, based on the basis of financially conservative and stable operation. Other types of derivative products will be avoided, and if there is a demand in the future, the Company will engage in other types of derivative trading within limited quota in compliance with applicable regulations.

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

The Company engages in stainless steel processing industry, its research and development focus on the strengthening of processing techniques and Improvement of machinery equipment and manufacturing processes. Such functions are performed by the manufacturing units for the past 40 years. In 2021, we will continue to work hard in the research and development of high value-added stainless steel products.

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

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

7.6.5 Impact on the Company's finance and business due to technological and industrial changes and future countermeasures thereof:

The Company improves its products quality and develops new products in response to technological and industrial changes. In addition, the Company mainly engages in stainless steel pipes/tubes, plates/coils and other stainless steel products manufacturing, due to the wide variety of stainless steel products and the wide range of applications, those products are used in machinery, home appliances, electrical machinery, building materials, metal furniture and construction industries, which means its demand is quite stable. Therefore, industrial changes only have little impact on the Company.

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

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

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

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

7.6.8 Expected benefits and potential risks related to plant expansion:

The Company currently has no plans to continue expanding mills in Taiwan. However, in order to maintain YC's sustainable operation and continuous growth, the Turkish subsidiary has entered into the construction stage in accordance with the investment plan, and is expected to be mass-produced in 2022 Q2, which can increase consolidated revenue of the group. The investment in Turkish subsidiary is supported by YC’s equity funds, related potential risks are limited.

7.6.9 Risks related to concentration of purchases and sales:

The Company mainly engages in stainless steel pipes/tubes, plates/coils and other stainless steel products manufacturing and distributing, due to the characteristics of the stainless steel industry, the Company mainly purchases cold-rolled and hot-rolled stainless steel coils from Tang Eng Iron Works Co., Ltd., Yieh United Steel Corp. and Walsin Lihwa Corporation. These companies are domestic professional manufacturers of stainless steel coils, with high quality products, reasonable prices, and stable delivery. They are our long-term cooperative manufacturers, moreover, upstream steel companies have actively expanded their plants around the world in recent years, so YC INOX has no doubts of shortage of supply. In addition, the Company's customers are mainly overseas companies, and the Company's sale channels are quite dispersed, which means there is no magnificent risk of over-concentration of customer groups.

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

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

7.6.11 Impact and risks of changes in management rights on the Company:

For the past three years and as of the publication date of this annual report, the directors were re-elected and three independent directors were elected on June 15, 2018, former Chairman Chin-Ker Chang has retired, and the newly-elected Chairman Chang, Chin-Yu also served as the CEO. The management right was not changed.

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

7.6.13 Other Significant Risks and countermeasures:

Information Security Risk Management:

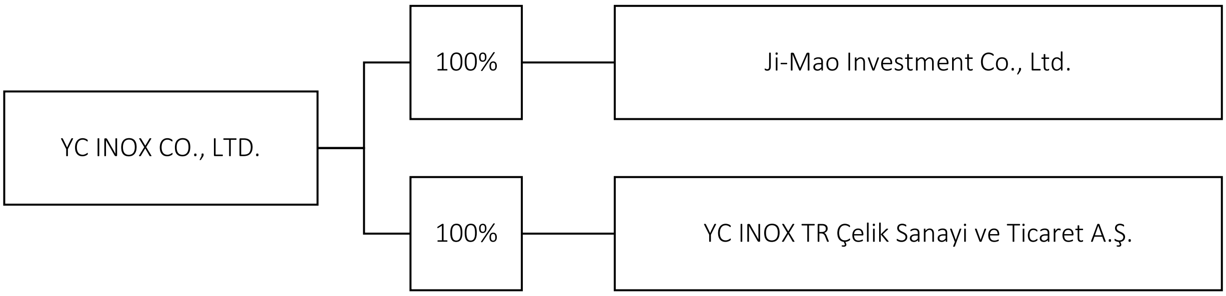
For the information system, we adopt a dual-center architecture of system load balancing and mutual backup, we also build a practical remote backup host and data backup mechanism to ensure uninterrupted services, and conduct disaster recovery drills every year. In order to effectively protect the network and computer security, and reduce the risk of viruses, DDoS and other malicious programs, we have adopted multiple security protection measures, including firewalls, mail protection, anti-virus software and other technical defenses.

In order to continuously strengthen information security management, we have adjusted information security policies and selected appropriate systems to strengthen information security protection capabilities in response to various information risks faced by information assets, as well as information security incidents and information security threats that may be caused by user behavior. In 2020 and as of the publication date of this annual report, there was no material information security incident occurred to the Company.

7.7 Other Important Matters: None.

VIII. Special Disclosures
8.1 Information of Affiliated Companies
8.1.1 Organization Chart of YC INOX and its Affiliated Companies

As of Dec. 31, 2020



8.1.2 Basic Information on Affiliated Companies

As of Dec 31, 2020
Unit: NT$ thousands

Name of Company	Date of Establishment	Address	Paid-in Capital	Major Business/ Products
YC INOX Co., Ltd.	1973.01.31	No. 270, Sec. 4, Zhongshan Rd., Xizhou Township, Changhua County, Taiwan (R.O.C.)	4,371,307	Production, processing and sale of stainless steel pipes, stainless steel sheets and coils, agency services and international trading of stainless steel products
Ji-Mao Investment Co., Ltd.	2000.09.04	No. 270, Sec. 4, Zhongshan Rd., Xizhou Township, Changhua County, Taiwan (R.O.C.)	100,000	Investments
YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	2019.02.15	ESENTEPE MAHALLESI KIR GULU SK.NO：4/4 SISLI / ISTANBUL ZINCIRLIKUYU V.D.	1,667,129 (TRY 360,000,000)	Manufacturing and distribution of stainless steel tubes/pipes and sheets/coils

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

8.1.4 Business Scopes of YC INOX and its Affiliated companies

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

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

As of Apr. 20, 2021

Company	Title	Name	Shareholding	
			Shares	Ownership
YC INOX Co., Ltd.	Chairman	Chang, Chin-Yu	6,029,632	1.38%
	Director	Representative of Tai-Chyang Investment Co., Ltd. : Chang, Chin-Peng	59,909,508 30,000	13.71% 0.01%
		Representative of Tai-Chyang Investment Co., Ltd. : Chang, Shu-Ying	59,909,508 30,000	13.71% 0.01%
		Chan, Lieh-Lin	627,632	0.14%

<table>
<tr><th rowspan="2">Company</th><th rowspan="2">Title</th><th rowspan="2">Name</th><th colspan="2">Shareholding</th></tr>
<tr><th>Shares</th><th>Ownership</th></tr>
<tr><td rowspan="5">YC INOX Co., Ltd.</td><td rowspan="2">Director</td><td>Hsieh Tien-Shang</td><td>4,159,228</td><td>0.95%</td></tr>
<tr><td>Shih, Sung-Lin</td><td>2,381,521</td><td>0.54%</td></tr>
<tr><td rowspan="3">Independent Director</td><td>Pan, Cheng-Hsiung</td><td>271,458</td><td>0.06%</td></tr>
<tr><td>Chen, Tai-Shan</td><td>135,513</td><td>0.03%</td></tr>
<tr><td>Kuo, Chao-Sung</td><td>417,884</td><td>0.10%</td></tr>
<tr><td rowspan="4">Ji-Mao Investment Co., Ltd.</td><td>Chairman</td><td>Chang, Chin-Yu (Representative of YC INOX Co., Ltd.)</td><td rowspan="4">10,000,000</td><td rowspan="4">100%</td></tr>
<tr><td rowspan="2">Director</td><td>Chang, Chin-Peng (Representative of YC INOX Co., Ltd.)</td></tr>
<tr><td>Chan, Lieh-Lin (Representative of YC INOX Co., Ltd.)</td></tr>
<tr><td>Supervisors</td><td>Chen, Ming-Yu (Representative of YC INOX Co., Ltd.)</td></tr>
<tr><td rowspan="3">YC INOX TR Çelik Sanayi ve Ticaret A.Ş.</td><td>Chairman</td><td>Chang, Chin-Yu (Representative of YC INOX Co., Ltd.)</td><td rowspan="3">TRY 360,000,000 (Note)</td><td rowspan="3">100%</td></tr>
<tr><td rowspan="2">Director</td><td>Chan, Lieh-Lin (Representative of YC INOX Co., Ltd.)</td></tr>
<tr><td>Kuo, Yuan-Chen (Representative of YC INOX Co., Ltd.)</td></tr>
</table>

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

8.1.6 Affiliates' Operating Highlights

As of Dec. 31, 2020
Unit: NT$ thousands

Name of Company	Paid-in Capital	Total Assets	Total Liabilities	Total Equity	Net Revenue	Income from Operations	Net Income	Earnings Per Share (NT$)
YC INOX Co., Ltd.	4,371,307	13,190,278	4,100,903	9,089,375	12,717,152	475,914	423,567	1.04
Ji-Mao Investment Co., Ltd.	100,000	275,930	20,106	255,824	10,876	10,699	10,850	1.08
YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	1,667,129	1,432,979	2,179	1,430,800	0	(11,175)	42,102	188,718.70

8.1.7 Consolidated Financial Report of the Company and Affiliates

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2020 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10, "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

8.1.8 Affiliation report: None.

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

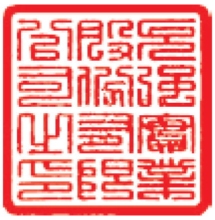
8.3 Shares of the Company Held or Disposed of by Subsidiaries in the Most Recent Year up to the Publication Date of this Annual Report: None

8.4 Other Supplementary Matters: None.

IX. Any Event Which Significantly Affects Shareholders' Equity or Share Price

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

YC INOX CO., LTD.



Chairman: Chang, Chin-Yu

允強實業股份有限公司
YC INOX CO., LTD.

總公司-溪州廠　Head Office-Shijou Mill
地址：(52441)彰化縣溪州鄉中山路4段270號
ADD：No.270, Sec.4, Jungshan Rd., Shijou Township, Chang-Hwa 524,Taiwan
TEL：+886-4-8899666　Itnl. E-mail：yc@ycinox.com
FAX：+886-4-8899768　Dom. E-mail：ys@ycinox.com

埔心廠　Puoshing Mill
地址：(51342)彰化縣埔心鄉員鹿路4段33號
ADD：No. 33, Sec. 4, Yuanlu Rd., Puoshing Township, Chang-Hwa 513 , Taiwan
TEL：+886-4-8292226
FAX：+886-4-8292741

斗六一廠　Douliou Mill 1
地址：(64057)雲林縣斗六市長安里科加路29號
ADD：No.29, Ke-jia Rd., Douliou City, Yunlin County 640, Taiwan
TEL：+886-5-5511100
FAX：+886-5-5511133

斗六二廠　Douliou Mill 2
地址：(64064)雲林縣斗六市長安里科班路16號
ADD：No.16,Ke-ban Rd., Douliou City, Yunlin County 640, Taiwan
TEL：+886-5-5515880
FAX：+886-5-5515066

台北營業處　Taipei Branch Office
地址：(11493)臺北市內湖區洲子街88號4樓之2
ADD：4F-2, No.88, Jhouzih St., Neihu District, Taipei City 114, Taiwan
TEL：+886-2-26575999　E-mail：yc.ysn@ycinox.com
FAX：+886-2-26573666

高雄營業處　Kaohsiung Branch Office
地址：(83341)高雄市鳥松區鳥松里中正路293號2樓
ADD：2F, No. 293, Jhongjheng Rd., Niaosong District, Kaohsiung City 833, Taiwan
TEL：+886-7-7335568　E-mail：yc.ysh@ycinox.com
FAX：+886-7-7335633