



2022 Annual General Meeting Meeting Handbook

June 23,2022

No. 236, Sec. Bade, Shengting Rd., Longtan Dist., Taoyuan, Taiwan (Long Tang Plant)

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2022 ANNUAL SHAREHOLDERS' MEETING (THE "HANDBOOK") OF CHUN YUAN STEEL INDUSTRY CO., LTD. (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE HANDBOOK SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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Chun Yuan Steel Industry Co., Ltd.
2022 Meeting Procedure of General Meeting

Time: 9:30 a.m. June 23 (Thursday), 2022

Venue: No. 236, Sec. Bade, Shengting Rd., Longtan Dist., Taoyuan,
Taiwan (Long Tang Plant)

Meeting will be held by means of: Physical Shareholders Meeting

- I. Meeting Commencement (Attending Shares Reported)
- II. Chairman Takes the Chair
- III. All Arise in Silence
- IV. Sing the National Anthem
- V. Three Bows to the National Flag and the Portrait of Dr. Sun Yat-Sen
- VI. Chairman's Remarks
- VII. Officials and Guests' Speeches
- VIII. Reported Matters :
 - (I) 2021 Business Report.
 - (II) 2021 Financial Report.
 - (III) Audit Committee's review of the 2021 annual final accounting books and statements.
 - (IV) Report on 2021 employees' and directors' remuneration.
 - (V) Report on distribution of Cash Dividends from 2021 Earnings.
 - (VI) Other announcements.
- IX. Acknowledged Matters :
 - Proposal 1: Acknowledgment of the 2021 annual final accounting books and statements.
 - Proposal 2: Acknowledgment of 2021 Earnings Distribution.
- X. Matters for Discussion:
 - Proposal 1: Discussion of Amendments to the Company's "Articles of Incorporation".
 - Proposal 2: Discussion of Amendments to the Company's "Procedures for Asset Acquisition & Disposal".
- XI. Election Matters:
 - Election of new directors and independent directors.
- XII. Other Matters:
 - Discussion to approve the lifting of non-competition restrictions for directors of the Company.
- XIII. Extemporaneous Motions.
- XIV. Meeting Adjourned.

Report Matters

(I) 2021 Business Report.

The Company's business report for 2021. (Please refer to Pages 17–18)

(II) 2021 Financial Statements.

1. 2021 Parent Company Only Financial Statements. (Please refer to Pages 19–29)

2. 2021 Consolidated Financial Statements. (Please refer to Pages 30–40)

(III) Audit Committee's review of the 2021 annual final accounting books and statements.

2021 Report of the Audit Committee. (Please refer to Page 41)

(IV) Report on 2021 employees' and directors' remuneration.

The Company's 2021 pre-tax profit, before including the remunerations to employees and directors is NTD 1,512,374,385. As resolved by the Board of Directors on March 16, 2022, 2% or NTD 30,247,488 of it will be distributed as employees' remuneration (fully in cash), and 1% or NTD 15,123,743 of it will be distributed as directors' remuneration (fully in cash).

(V) Report on distribution of Cash Dividends from 2021 Earnings.

1. The basis of this proposal is that Article 22-1 of the Articles of Incorporation specifies that if all profit distribution is made in cash, the Board of Directors may do so in the manner of a special resolution, and report to the shareholders meeting.
2. The Board of Directors resolved on March 16, 2022, to fully distributed the 2020 earnings of NTD 1.3 per share in cash, for a total of NTD 841,952,007. The total of the fractions under NTD 1 will be incorporated to the capital surplus after five years. The base date of cash dividends is April 29, 2022.

(VI) Other announcements.

The shareholder's proposal reception period announced on MOPS was March 28 to April 6, 2022. No shareholder's proposal was received during the period.

Acknowledged Matters

Proposal 1: (proposed by the Board of Directors)

Subject: Acknowledgment of the 2021 annual final accounting books and statements.

Description: The Company's 2021 business report and financial statements have been certified and audited by CPAs, and audited by the Audit Committee. No inconsistency was found. Please ratify.

- I. Business report (Please refer to Pages 17-18)
- II. Financial statements (Please refer to Pages 19-40)

Resolution:

Proposal 2: (proposed by the Board of Directors)

Subject: Acknowledgment of 2021 Earnings Distribution.

The 2021 earning distribution has been resolved by the Board of Directors, and audited by the Audit Committee. Please ratify. (Please refer to Page 42)

Resolution:

Matters for Discussion

Proposal 1: (proposed by the Board of Directors)

Subject: Discussion of Amendments to the Company's "Articles of Incorporation".

Description:

- I. Pursuant to Article 4 of the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers," announced in Tai-Zheng-Chih-Li-Zhi No. 1080024221, Article 16 of the Company's Articles of Incorporation is amended for the adjustability of the seats in the Board where the chairman of the board of directors and the president or person of an equivalent post of the Company are the same person in the future.
- II. The comparison table for amendments to partial provisions of the Company's "Articles of Incorporation" are as following:

Amended Provisions	Current Provisions	Description
Article 1 The Company sets nine to <u>thirteen</u> directors with a term of three years. Directors may be re-elected.	Article 1 The Company sets nine to <u>eleven</u> directors with a term of three years. Directors may be re-elected.	Amended pursuant to Paragraph 2, Article 4 of the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers.
(Omitted following)	(Omitted following)	

Resolution:

Subject: Discussion of Amendments to the Company's "Procedures for Asset Acquisition & Disposal".

Description:

- I. Pursuant to the Order Jin-Guang-Zheng-Fa-Zhi No. 1110380465 issued on January 28, 2022 that amended partial provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," the Company amended the related provisions in the "Operating Procedures for Acquisition or Disposition of Assets."
- II. The comparison table for amendments to partial provisions of the Company's "Procedures for Acquisition or Disposal of Assets" are as following:

Amended Provisions	Current Provisions	Description
<p>Article 5 Qualifications of Professionals Providing Appraisal Reports or Opinions, and the Matters Needing Attentions</p> <p>(Omitted)</p> <p>II. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-discipline regulations of the industry association to which he/she belongs to</u> and the following:</p> <p>(I) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>(II) When <u>conducting</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>(III) They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources</p>	<p>Article 5 Qualifications of Professionals Providing Appraisal Reports or Opinions, and the Matters Needing Attentions</p> <p>(Omitted)</p> <p>II. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>(I) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>(II) When <u>auditing</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>(III) They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy</u>, and</p>	<p>I. Amended pursuant to Article 5 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."</p> <p>II. To clarify the procedures to be complied with the external professionals and the responsibilities, it is specified that where professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide appraisal reports or opinions, other than the operations required for taking or executing cases, the the</p>

Amended Provisions	Current Provisions	Description
<p>of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>(IV) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and reasonable</u>, and that they have complied with applicable laws and regulations.</p>	<p>reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>(IV) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>reasonable and accurate</u>, and that they have complied with applicable laws and regulations.</p>	<p>self-discipline regulations of the industry association to which they belong to shall be followed to.</p> <p>III. Whereas the provisions of appraisal reports or opinions by professionals are not the audit tasks for financial statements, and thus the term “auditing” cases is amended to “executing” cases.</p>
		<p>IV. To be consistent to the practical evaluation including the sources of data and parameters used by the professionals, the terms of “comprehensiveness, accuracy, and reasonableness” are amended to “suitability and reasonableness.”</p>
<p>Article 7 Appraisal and Operating Procedures for Acquiring or Disposing of Negotiable Securities</p> <p>(Omitted)</p> <p>IV. Obtaining Professionals Opinions</p> <p>(I) The Company shall, when acquiring or disposing of securities, prior to the date of</p>	<p>Article 7 Appraisal and Operating Procedures for Acquiring or Disposing of Negotiable Securities</p> <p>(Omitted)</p> <p>IV. Obtaining Professionals Opinions</p> <p>(I) The Company shall, when acquiring or disposing of securities, prior to the date of</p>	<p>I. Amended pursuant to Article 10 of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”</p>

Amended Provisions	Current Provisions	Description
<p>occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the New Taiwan Dollar amount of the transaction is NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>(Omitted following)</p>	<p>occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the New Taiwan Dollar amount of the transaction is NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>Where the certified public accountant needs to apply any expert reports, the certified public accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF).</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>(Omitted following)</p>	<p>II. In Article 5, the requirement of compliance with the self-discipline regulations of the industry association to which the company belongs when an external professional issuing an appraisal report or opinion is added. This requirement has covered the procedure required when CPAs issuing opinions. Therefore, the texts indicating “certified public accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)” are deleted.</p>
<p>Article 8 Appraisal and Operating Procedures for Acquiring or Disposing of Property, Equipment, or Right-of-use Assets</p>	<p>Article 8 Appraisal and Operating Procedures for Acquiring or Disposing of Property, Equipment, or Right-of-use Assets</p>	<p>I. Amended pursuant to Article 9 of the “Regulations Governing the Acquisition and</p>

Amended Provisions	Current Provisions	Description
(Omitted) IV. Appraisal Reports on Real Property, Equipment, or Right-of-Use Assets Thereof:	(Omitted) IV. Appraisal Reports on Real Property, Equipment, or Right-of-Use Assets Thereof:	Disposal of Assets by Public Companies.”
(Omitted) (III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:	(Omitted) (III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to <u>perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and</u> render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:	II. In Article 5, the requirement of compliance with the self-discipline regulations of the industry association to which the company belongs when an external professional issuing an appraisal report or opinion is added. This requirement has covered the procedure required when CPAs issuing opinions. Therefore, the texts indicating “certified public accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)” are deleted.
(Omitted following)	(Omitted following)	
Article 9 Appraisal and Operating Procedures of Related Party Transactions	Article 9 Appraisal and Operating Procedures of Related Party Transactions	I. Amended pursuant to Article 15 of the “Regulations Governing the
(Omitted)	(Omitted)	

Amended Provisions	Current Provisions	Description
<p>II. Appraisal and Operating Procedures</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party, and the transaction amount NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors:</p> <p>(I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the related party as a transaction counterparty.</p> <p>(III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraph (I) and (IV), Paragraph III of the Article.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original transaction</p>	<p>II. Appraisal and Operating Procedures</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party, and the transaction amount NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors:</p> <p>(I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the related party as a transaction counterparty.</p> <p>(III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraph (I) and (IV), Paragraph III of the Article.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original transaction</p>	<p>Acquisition and Disposal of Assets by Public Companies.”</p> <p>II. Added that If the Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10 percent or more of the Company’s total assets, the public company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its subsidiaries or between its subsidiaries.</p>

Amended Provisions	Current Provisions	Description
<p>counterparty, and that transaction counter-party's relationship to the company and the related party.</p>	<p>counterparty, and that transaction counter-party's relationship to the company and the related party.</p>	
<p>(V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p>	<p>(V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p>	
<p>(VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with paragraph 1 of the article</p>	<p>(VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with paragraph 1 of the article</p>	
<p>(VII) Restricted covenants and other important stipulations associated with the transaction.</p>	<p>(VII) Restricted covenants and other important stipulations associated with the transaction.</p>	
<p><u>If the Company or a subsidiary thereof that is not a domestic public company will have a said transaction in the paragraph, and the transaction amount will reach 10 percent or more of the public company's total assets, the Company shall submit the materials in all the subparagraphs of the paragraph to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its parent company or subsidiaries or between its subsidiaries.</u></p>		
<p>(Omitted following)</p>	<p>(Omitted following)</p>	
<p>Article 10 Appraisal and Operating Procedures for Acquiring or Disposing of Intangible Asset and the Right-of-Use Asset Thereof, or Membership</p>	<p>Article 10 Appraisal and Operating Procedures for Acquiring or Disposing of Intangible Asset and the Right-of-Use Asset Thereof, or Membership</p>	<p>I. Amended pursuant to Article 11 of the "Regulations Governing the</p>

Amended Provisions	Current Provisions	Description
<p>(Omitted)</p> <p>IV. Professional's Appraisal or Opinion Reports on Intangible Asset and the Right-of-Use Asset Thereof or Membership</p> <p>Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p>	<p>(Omitted)</p> <p>IV. Professional's Appraisal or Opinion Reports on Intangible Asset and the Right-of-Use Asset Thereof or Membership</p> <p>Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price, <u>and the certified public accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF).</u></p>	<p>Acquisition and Disposal of Assets by Public Companies.”</p> <p>II. In Article 5, the requirement of compliance with the self-discipline regulations of the industry association to which the company belongs when an external professional issuing an appraisal report or opinion is added. This requirement has covered the procedure required when CPAs issuing opinions. Therefore, the texts indicating “certified public accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)” are deleted.</p>
<p>Article 14 Procedures for Public Disclosure of Information</p> <p>I. Items to be Publicly Announced and Reported, and the Standards of Public Announcement and Reports</p>	<p>Article 14 Procedures for Public Disclosure of Information</p> <p>I. Items to be Publicly Announced and Reported, and the Standards of Public Announcement and Reports</p>	<p>I. Amended pursuant to Article 31 of the “Regulations Governing the</p>

Amended Provisions	Current Provisions	Description
<p>(Omitted)</p> <p>(VII) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u> 2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of <u>foreign government bonds</u>, or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, <u>or subscription or redemption of exchange traded notes</u>, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. 	<p>(Omitted)</p> <p>(VII) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds. 2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. 	<p>Acquisition and Disposal of Assets by Public Companies.”</p> <p>II. Added items exempted from the public announcement and report: the foreign domestic bonds with rating not lower than Taiwan’s sovereign rating, and the subscription of foreign government bonds or subscription or redemption of exchange traded notes by professional investors.</p>
(Omitted following)	(Omitted following)	

Resolution:

Elections Matters:

Proposal 1:

Subject: Election of new directors and independent directors.

Description:

- I. Pursuant to Article 16 of the Company's Articles of Incorporation, the Company sets nine to eleven seats of directors. The Company's Board, pursuant to the same Article, resolved in the 1st Board meeting on March 16, 2022, to determine the seats of the directors for the current term are eleven (included three independent directors), for a three-year term of office, from June 23, 2022 to June 22, 2025.
- II. Pursuant to Article 192-1 of the Company Act, and Article 16 of the Company's Articles of Incorporation, the candidate nomination system is adopted for the Company's independent directors and general directors. Shareholders shall elect from the candidate list. The qualifications of the independent director nominees have been reviewed and approved in the 2nd Board meeting of 2022 on May 6, 2022. The candidate list of the directors (independent directors included) is as following:

Director List of Candidates

Nominee's Title	Nominee's Name	Educational Background	Main Experience	Positions concurrently served in the Company and other companies
Director	TSAI,HSI-CHI	Shih Shin High School of Commerce and Industry	Chairperson of Sinkang Industries CO., LTD. etc.	Chairperson of Chun Yuan Steel Industry CO., LTD. , Director of Sinkang Industries CO., LTD.., President of Chun Yuan Steel Industry CO., LTD. Director of Chun Yuan Construction CO., LTD. etc.
Director	LEE,WEN-FA	Nihon University Department of Economics	Director of Chun Yuan Steel Industry CO., LTD. etc.	Director of Yung Kuang Hwa Metal Industrial CO.,LTD., President of Yung Kuang Hwa Metal Industrial CO.,LTD., Director of Taiwan Steel Tower CO., LTD.,etc.
Director	CHENG,YE-MING	Ming Cheng University , Japan department of law	Chairperson of Seven Star Tobacco CO., LTD., Chairperson of Guo Wang Tobacco & Liquor CO., LTD. etc.	Director of Chun Yuan Steel Industry CO., LTD., Director of Sinkang Industries CO., LTD.., Director of Chun Yuan Construction CO., LTD., Director of Empire Steel CO., LTD. etc.
Director	WU,MEI-YING	National Chengchi University Business Administration	Director of Chun Yuan Steel Industry CO., LTD. etc.	Director of Lian Teh Investment Company.etc.
Director	TSAI,HSI-YU	Hsing Wu College of Business	Director of Chun Yuan Steel Industry etc.	Director of Chun Yuan Steel Industry CO., LTD.., Director of An Xi Investment CO., LTD. etc.
Director	CHENG,I-HUNG	Aoyama Gakuin University	President of Mayer Steel Pipe Corporation .etc.	Chairperson of Amity New CO., LTD., President of Sinkang Industries CO., LTD.etc.
Director	TSAI,CHENG-TING	City University of New York -Baruch College Master of Science in Finance	Project Manager of ACR Machinery Inc., Researcher of Cyber Express Financial Management Advisory Company., Director of Sinkang Industries CO., LTD. etc.	Director of Chun Yuan Steel Industry CO., LTD., Supervisor of Chun Yuan Steel Industry CO., LTD.., Director of Chun Yuan Construction CO., LTD. etc.
Director	De Tai Yu Investment Company	NA	-	-

Independent Director List of Candidates

Nominee's Title	Nominee's Name	Educational Background	Main Experience	Positions concurrently served in the Company and other companies
Independent Director	TSENG,YUNG-FU	National Taiwan University College of Law	Minister of Justice 、 Political Deputy Minister of Justice., Fill in for Chief Prosecutor of Supreme Prosecutors Office Acting, Supervisors of Eagle Cold Storage Enterprise CO., LTD etc .	Independent Director of A.G.V. Products Corporation , Independent Director of Chun Yuan Steel Industry CO., LTD. etc .
Independent Director	LIN,WEI-LIANG	Department of Accounting and Statistics,Tamkang College of Arts and Science	President of Chang Hwa Commercial Bank, Ltd.etc.	Managing Director of Taichung Commercial Bank Co., Ltd. Chairperson of Taichung Bank Leasing Corporation Limited. Independent Director of Chun Yuan Steel Industry CO., LTD. etc .
Independent Director	HSU,LI-MING	Tamkang University Master of Business Administration	Accountant of RSM Taiwan, Member of CPA Association Welfare Commitee, Independent Director and Remuneration committee of Sinkang Industries CO., LTD etc.	Accountant of RSM Taiwan, Independent Director of Chun Yuan Steel Industry CO., LTD., Independent Director of Sinkang Industries CO., LTD. etc.

Resolution:

Other Matters:

Proposal 1:

Subject: Discussion to approve the lifting of non-competition restrictions for directors of the Company.

Description:

- I. Handled pursuant to Article 209 of the Company Act, “A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”
- II. The directors newly elected this time and their representatives, may concurrently serve as the directors or managerial officers of other companies with the similar or same business of the Company. Provided, their participation in the Company's operation shall be positive rather than negative to the Company's development, and thus the non-competition restrictions are not supposed to be necessary. It is intended to request the general shareholders meeting's consent, that the newly elected directors and their representatives may be relieved from the aforesaid non-competition clauses; the same shall apply when they are re-elected.
- III. Where any representative is replaced by the corporate shareholders appointing him/her as required by the business, the new representative is also relieved from the non-competition restrictions.

Resolution:

Extraordinary Motions

Meeting Adjourned

Reviewing 2021, the shadow of COVID-19 pandemic was casted over the world. Taiwan also entered Level 3 Alert situation when the pandemic expanded in mid-May. Fortunately, the pandemic was contained in the later half of the year, and the life was normalized gradually.

At the international front, the increasing vaccination slowed down the pandemic, and drove the economic recoveries. With the supports of fiscal stimulus in various countries, the economies in the major countries and regions grew from the previous year in 2021.

At the domestic front, with the controllable pandemic, and the effects of returned Taiwanese companies, the overseas demands for there-directing orders emerged, driving the growth of the export orders. The Directorate-General of Budget, Accounting and Statistics revised the 2021 economic growth rate of Taiwan upwardly to 6.45%, the greatest increase in nearly 11 years.

Facing such an operating environment in 2021, all colleagues of Chun Yuan Steel Industry have strived to deliver a consolidated operating revenue of NTD26.321 billion from both domestic and overseas facilities, with a profit before tax of NTD1.561 billion. Both are higher than 2020.

For 2022 outlook, there are still full of variables regarding the domestic and international economic situations. The Omicron variants remain raging; the Russia-Ukraine war has intensified the international political and economic conflicts; the surging prices of international raw materials have increased the global inflation pressures, and the U.S Federal Reserves has initiated the interest rate hikes with shortened schedule, which in turn increases the risks of exchange rate fluctuations. Plus the carbon neutrality and the dual control system of total energy consumption and energy intensity imposed by China, the global steel demands are impacted. The International Iron and Steel Institute forecasts that the steel volume demanded globally is likely to grow another 2.2%, to 1.896 billion tons.

For the domestic steel demands, benefitted from the plant constructions by these returned Taiwanese companies, plant expansion plans of the technology manufacturers and petrochemical providers, urban renewal projects, and the the progress of the Forward-looking Infrastructure Development Program, as well as the return of orders to the machinery industry and the increase in vehicle demands, the momentum of the steel market is supported. Nonetheless, the variables like the military conflict between Russia and Ukraine, the lingering U.S-China disputes, the policy reform in China, and the evolving prices of international raw materials, bring uncertainties to the steel market in 2022.

In the face of the ever evolving operating environment this year, I myself and each of the colleagues at Chun Yuan Steel Industry will work together to achieve this year's objectives, while continuing to implement the following key operating tasks:

- I. Grasp the market pulse and prepare material prudentially based on the customers' demands; review the inventories by types of steel and steel plants, to lower the days of inventory turnover and prevent the capital from tying-down.
- II. Add more material procurement channels and look for material sources with competitiveness; grasp the changes of clients' material demands, improve the precision of material preparation, and actively implement the clearing of excess-and-obsolete inventory.
- III. Solidify the sales to current customers to expand market shares while developing new customers aggressively for a higher market share. Meanwhile, the political and economic situation, and the industrial evolutions are monitored to find opportunities actively.
- IV. Have a timely understanding of clients' movements. The credit profiles of clients shall be reviewed and updated on time, to implement the management of accounts for establishing safe and reasonable operating conditions.

- V. Conduct human resource planning. Arrange succession plans for each level strategically. Implement the rotating appointment mechanism to cultivate talents with multiple capabilities and functions, and increase the licenses and certificates obtained by the key technicians.
- VI. Inventory the equipment and integrate the equipment based on the customers' needs (steel types/sizes/specs) and processing requirements; formulate the equipment replacement plan for better competitiveness.
- VII. Continue the implementation of various pandemic containment measures to ensure the health and safety of the employees.

Finally, the long-time support of all the shareholders is appreciated, and we are grateful for all the trust and care the industry leaders have shown us. We will continue be committed to pursuing robust growth and profit goals to give something back to our shareholders. We look forward to having the continued support of shareholders, and do feel free to give us advice.

Independent Auditors' Report

To : Chun Yuan Steel Industry Co., Ltd.

Opinion

We have audited the Parent Company Only Financial Statements of Chun Yuan Steel Industry Co., Ltd. (the "Company"), which comprise the Parent Company Only balance sheets as of December 31, 2021 and 2020, the Parent Company Only statements of comprehensive income, Parent Company Only statements of changes in equity, and Parent Company Only statements of cash flows for the years ended December 31, 2021 and 2020, and 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 financial position of the Company as of December 31, 2021 and 2020, its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Parent Company Only Financial Statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole and, in forming our opinion thereon; we do not provide a separate opinion on these matters. Key audit matters for the Parent Company Only Financial Statements of the Company for the year ended December 31, 2021 are stated as follows :

A. Valuation of inventory

For the accounting policies regarding inventories, please refer to Note IV-7 of the Parent Company Only Financial Statements ; Regarding accounting estimates and assumptions of inventory impairment assessment, please refer to Note V-2 (7) of the Parent Company Only Financial Statements.

Illustration of key audit matter :

As of December 31, 2021, the net balance of inventories of the Company was NT\$4,413,388 thousand (net of NT\$58,279 thousand of allowance for inventory valuation loss), which mainly consist of steel plates and structural steel materials, etc. Due to either changes in economic environment, advancements in manufacturing technology, or fluctuation in the price of raw materials, the products in stock may be obsolete or no longer meet the market demand, and drastic changes in the demand for and selling prices of related products may result. Since inventory valuation is relevant to significant judgement and estimates, it is regarded as a key audit matter.

Audit procedures in response :

By performing test of internal controls, we obtained understanding of the Company's assessment method for estimating impairment of its inventories and the design and implementation of the related control system. In addition, we have also performed the following major audit procedures : Assessed reasonableness of accounting policy for inventory valuation ; Reviewed inventory aging reports, analyzed changes in inventory aging and evaluated if the inventory valuation had been carried out according to the accounting policy ; Obtained understanding and assessed reasonableness of the basis of net realizable value adopted by the management, selected samples and agreed to the related supporting document for testing accuracy of the amounts, and assessed if the management had made proper disclosure regarding subsequent inventory evaluations.

B. Revenue recognition

For the accounting policies regarding recognition of construction revenue, please refer to Note IV-17 of the Parent Company Only Financial Statements ; For the related revenue disclosures, please refer to Note VI-21.

Illustration of key audit matter :

Revenue is an important index used by enterprises and investors for assessing financial and business performance. The sources of the Company's revenue are divided mainly in two categories, revenue from sales of merchandise and construction revenue. Selling prices are affected by fluctuations in market prices of materials ; Construction revenue are mainly from provision of construction-related services and are recorded according to the degree of completion during the period of construction contract. The degree of completion is computed based on the percentage of cost incurred up to the reporting date for each construction contract out of the estimated total cost of the respective construction contract. Due to complexity in estimating the total cost of contract items, which often involves judgements and would affect the degree of completion and revenue recognition of constructions, recognition of revenue is regarded as a key audit matter.

Audit procedures in response :

In addition, we have performed the following key audit procedures :

1. Tested if the Company's timing for recognizing sales revenue was correct and performed analysis on the top-10 sales customers, compared condition of changes, assessed if there was any significant abnormality.
2. Reviewed major contracts to understand specific terms and risks of the respective contracts and assessed accuracy of revenue recognition.
3. Obtained summarized schedules of construction costs and performed the related substantive procedures, including agreeing the sampled current-period cost incurred to the related document, extra/deducted works agreed to supporting document, recomputing the construction revenue according to the degree of completion and confirming that the revenue has been properly booked.

C. Evaluation on expected credit loss of notes and accounts receivable

As of December 31, 2021, the net balance of notes and accounts receivable was NT\$4,305,686 thousand (net of NT\$78,440 thousand of expected credit loss), which accounted for 19% of the total Parent Company Only assets and was material to the Parent Company Only Financial Statements of the Company. Since the expected credit-loss valuation of the notes and accounts receivable, whose sign of impairment and historical rate of loss involve significant judgement by management, we consider that evaluation on expected credit loss of notes and accounts receivable to be a key audit matter.

Our audit procedures performed include (but not limited to) the following :

1. Tested the internal controls used by the management for managing notes and accounts receivable, such as sampling and testing for understanding of the controls regarding granting of credit lines and collection of overdue accounts by responsible personnel.
2. Considered the historical experience on occurrences of expected credit loss, assessed appropriateness of the recognition policy for loss allowance, including identification for client risks and analysis of historical bad-debt ratio.
3. Verified aging intervals of notes and accounts receivables and analyzed whether or not the changes in aging were reasonable, accompanied by confirmation of accounts and understanding of subsequent receipts.
4. We also considered appropriateness of the disclosures regarding notes and accounts receivables and the related risks, as in Note V and Note VI to the Parent Company Only Financial Statements of the Company.

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

Management is responsible for preparation and fair presentation of the Parent Company Only Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for maintaining necessary internal controls relating to preparation of the Parent Company Only Financial Statements, to ensure that the Parent Company Only Financial Statements 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, to cease operations, or has no practical alternative but to do so.

Those charged with governance (including board of supervisors) of the Company 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 the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Parent Company Only Financial Statements.

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

1. Identify and assess the risks of material misstatement of the 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 that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate under 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, determine whether any material uncertainty exists in the 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 related notes) and whether the Parent Company Only Financial Statements represent the underlying transactions and events in a manner that achieve fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the Parent Company Only Financial Statements. We are responsible for the guidance, supervision and performance for the audit of the Company. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned audit scope, timing of the audit and significant audit findings (including any significant deficiencies in internal control that we have identified 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 affect our independence (including the related safeguards).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Parent Company Only Financial Statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless the laws or regulations preclude public disclosure on the matter or when, in extremely rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to be greater the additional benefits brought to the public from such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wang, Wu-Chang and Chen, Kui-Mei.

Crowe (TW) CPAs

Taipei, Taiwan, Republic of China

March 16, 2022

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying 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.

Chun Yuan Steel Industry Co., Ltd.

Balance Sheets

As of December 31, 2021 and 2020

Code	Assets	December 31, 2021		December 31, 2020		Unit : Thousand NTD	
		Amount	%	Amount	%		
Current Assets							
1100	Cash and cash equivalents (Note VI-1)	\$ 104,473	1	\$ 116,195	1		
1110	Financial assets measured at FVTPL - current (Note VI-2)	108,803	1	65,114	1		
1139	Financial assets for hedging - current (Note VI-3)	-	-	2,632	-		
1140	Contract assets - current (Note VI-21)	2,750,072	13	2,383,549	14		
1150	Notes receivable, net (Note VI-4)	1,403,952	7	840,777	5		
1170	Accounts receivable, net (Note VI-5)	2,898,765	14	2,222,768	13		
1180	Accounts receivable - related parties, net (Note VI-5, 7)	2,969	-	63,722	-		
1200	Other receivables	44,721	-	25,739	-		
1210	Other receivables - related parties (Note VII)	19,000	-	18,569	-		
1220	Current-period income tax assets	2,782	-	-	-		
1310	Inventories, net (Note VI-6)	4,413,388	21	2,648,167	16		
1410	Prepayments	34,090	-	61,473	-		
1476	Other financial assets - current (Note VI-7)	109,693	1	90,542	1		
1479	Other current assets - other	2,462	-	2,116	-		
11xx	Total Current Assets	11,895,170	58	8,541,363	51		
Noncurrent Assets							
1517	Financial assets measured at FVTOCI - noncurrent (Note VI-8)	507,771	2	377,566	2		
1550	Investments accounted for using equity method (Note VI-9)	3,224,699	16	3,120,805	19		
1600	Property, plant and equipment (Note VI-10)	4,830,896	23	4,507,097	27		
1755	Right-of-use assets (Note VI-11)	26,503	-	31,705	-		
1780	Intangible assets	1,950	-	1,950	-		
1840	Deferred income tax assets (Note VI-26)	115,449	1	120,673	1		
1915	Prepayments for equipment	37,323	-	29,343	-		
1920	Guarantee deposits paid	11,676	-	10,968	-		
1990	Other noncurrent assets - other	12,404	-	4,247	-		
15xx	Total Noncurrent Assets	8,768,671	42	8,204,354	49		
1xxx	Total Assets	\$ 20,663,841	100	\$ 16,745,717	100		

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Code	Liabilities and Equity	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
Current Liabilities					
2100	Short-term borrowings (Note VI-12)	\$ 4,561,383	22	\$ 2,885,309	17
2110	Short-term notes payable (Note VI-13)	1,428,878	7	741,855	5
2130	Contract liabilities - current (Note VI-21)	605,001	3	217,092	1
2150	Notes payable	4,661	-	4,574	-
2160	Notes payable - related parties (Note VII)	16,897	-	19,957	-
2170	Accounts payable	952,932	5	920,674	6
2180	Accounts payable - related parties (Note VII)	8,464	-	39,550	-
2200	Other payables	431,161	2	359,418	2
2220	Other payables - related parties (Note VII)	-	-	376	-
2230	Current-period income tax liabilities	177,208	1	90,996	1
2250	Provisions - current (Note VI-14)	36,924	-	36,562	-
2280	Lease liabilities - current (Note VI-11)	12,182	-	13,437	-
2320	Long-term liabilities due within 1 year or 1 operating cycle (Note VI-15)	50,000	-	-	-
2300	Other current liabilities – other	9,281	-	11,490	-
21xx	Total Current Liabilities	8,294,972	40	5,341,290	32
Noncurrent Liabilities					
2540	Long-term borrowings (Note VI-15)	87,500	-	-	-
2570	Deferred income tax liabilities (Note VI-26)	809,342	4	810,010	5
2580	Lease liabilities - noncurrent (Note VI-11)	14,438	-	18,353	-
2640	Defined benefit liability, net - noncurrent (Note VI-16)	119,605	1	126,017	1
2645	Guarantee deposits received	13,892	-	12,187	-
25xx	Total Noncurrent Liabilities	1,044,777	5	966,567	6
2xxx	Total Liabilities	9,339,749	45	6,307,857	38
Equity					
3100	Share capital (Note VI-17)				
3110	Common shares	6,476,554	31	6,476,554	39
3200	Capital surplus (Note VI-18)	162,071	1	161,701	1
3300	Retained earnings (Note VI-19)	5,061,285	24	4,220,464	25
3310	Legal reserve	1,716,590	8	1,665,300	10
3320	Special reserve	1,324,287	6	1,324,287	8
3350	Unappropriated retained earnings	2,020,408	10	1,230,877	7
3400	Other equity (Note VI-20)	(375,818)	(1)	(420,859)	(3)
3410	Exchange differences on translation of foreign financial statements	(276,124)	(1)	(260,235)	(2)
3420	Unrealized gains (losses) on financial assets measured at FVTOCI	99,694	-	160,624	(1)
3xxx	Total Equity	11,324,092	55	10,437,860	62
Total Liabilities and Equity					
		\$ 20,663,841	100	\$ 16,745,717	100

(The accompanying notes form an integral part of the Parent Company Only Financial Statements)

Chun Yuan Steel Industry Co., Ltd.
 Statements of Comprehensive Income
 For the Years Ended December 31, 2021 and 2020

Code	Item	Unit : Thousand NTD			
		Year of 2021		Year of 2020	
		Amount	%	Amount	%
4000	Operating revenue (Note VI-21)	\$ 19,806,395	100	\$ 15,299,924	100
5000	Operating costs (Note VI-6)	(18,037,153)	(91)	(14,306,102)	(93)
5900	Gross profit (loss) from operations	<u>1,769,242</u>	<u>9</u>	<u>993,822</u>	<u>7</u>
6100	Operating expenses				
	Selling expenses	(330,334)	(2)	(299,084)	(2)
6200	Administrative expenses	(336,348)	(2)	(255,953)	(2)
6450	Loss or recovery gain on expected credit impairment	(14,361)	-	(12,505)	-
6000	Total operating expenses	<u>(681,043)</u>	<u>(4)</u>	<u>(567,542)</u>	<u>(4)</u>
6900	Operating income (loss)	<u>1,088,199</u>	<u>5</u>	<u>426,280</u>	<u>3</u>
7100	Non-operating income and expenses				
	Interest income	311	-	311	-
7010	Other income (Note VI-22)	136,495	1	122,427	1
7020	Other gains and losses (Note VI-23)	48,899	-	1,357	-
7050	Finance costs (Note VI-24)	(29,078)	-	(24,172)	-
7070	Share of profits of subsidiaries, associates, and joint ventures under equity method	222,177	1	95,275	-
7000	Total non-operating income and expenses	<u>378,804</u>	<u>2</u>	<u>195,198</u>	<u>1</u>
7900	Net income (loss) before income tax	<u>1,467,003</u>	<u>7</u>	<u>621,478</u>	<u>4</u>
7950	Income tax (expense) benefit (Note VI-26)	(246,385)	(1)	(107,561)	(1)
8200	NET INCOME (LOSS)	<u>1,220,618</u>	<u>6</u>	<u>513,917</u>	<u>3</u>
8310	Other comprehensive income (loss) (Note VI-27)				
	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plan	3,039	-	(744)	-
8316	Unrealized valuation gains or losses on equity instruments measured at FVTOCI	60,737	-	9,106	-
8331	Remeasurements of defined benefit plan - subsidiaries, associates and joint ventures	396	-	(264)	-
8336	Unrealized valuation gains or losses on equity instruments at FVTOCI – subsidiaries, associates and joint ventures	5,554	-	1,992	-
8360	Items that may be subsequently reclassified into profit or loss				
8361	Exchange differences on translation of foreign financial statements	(15,877)	-	38,420	-
8370	Share of other comprehensive income of associates and joint ventures under equity method - items that may be reclassified into profit or loss	(12)	-	22	-
8300	Other comprehensive income (loss), net	<u>53,837</u>	<u>-</u>	<u>48,532</u>	<u>-</u>
8500	Total comprehensive income (loss)	<u>\$ 1,274,455</u>	<u>6</u>	<u>\$ 562,449</u>	<u>3</u>
	EARNINGS PER SHARE (NTD)				
9750	Basic earnings per share (Note VI-28)	\$ 1.88		\$ 0.79	
9850	Diluted earnings per share (Note VI-28)	<u>\$ 1.88</u>		<u>\$ 0.79</u>	

(The accompanying notes form an integral part of the Parent Company Only Financial Statements)

Chun Yuan Steel Industry Co., Ltd.
Statements of Changes in Equity
For the Years Ended December 31, 2021 and 2020

Unit : Thousand NTD

Item	Retained Earnings						Other Equity Items			Total Equity
	Common Shares	Capital Surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized valuation gains (loss) on FVTOCI equity instruments			
Balance, January 1, 2020	\$ 6,476,554	\$ 160,927	\$ 1,641,221	\$ 1,324,287	\$ 936,344	(\$ 298,677)	(\$ 171,722)	\$ 10,068,934		
Appropriation and distribution of earnings :										
Record legal reserve	-	-	24,079	-	(24,079)	-	-	-	-	
Cash dividends – common shares	-	-	-	-	(194,297)	-	-	(194,297)		
Other changes in capital surplus	-	774	-	-	-	-	-	-	774	
Net income (loss) in 2020	-	-	-	-	513,917	-	-	-	513,917	
Other comprehensive income (loss) in 2020	-	-	-	-	(1,008)	38,442	11,098	48,532		
Total comprehensive income (loss) in 2020	-	-	-	-	512,909	38,442	11,098	562,449		
Balance, December 31, 2020	\$ 6,476,554	\$ 161,701	\$ 1,665,300	\$ 1,324,287	\$ 1,230,877	(\$ 260,235)	(\$ 160,624)	\$ 10,437,860		
Appropriation and distribution of earnings :										
Record legal reserve	-	-	51,290	-	(51,290)	-	-	-	-	
Cash dividends – common shares	-	-	-	-	(388,593)	-	-	(388,593)		
Other changes in capital surplus	-	370	-	-	-	-	-	-	370	
Net income (loss) in 2021	-	-	-	-	1,220,618	-	-	-	1,220,618	
Other comprehensive income (loss) in 2021	-	-	-	-	3,435	(15,889)	66,291	53,837		
Total comprehensive income (loss) in 2021	-	-	-	-	1,224,053	(15,889)	66,291	1,274,455		
Disposal of FVTOCI equity instruments	-	-	-	-	5,361	-	(5,361)	-	-	
Balance, December 31, 2021	\$ 6,476,554	\$ 162,071	\$ 1,716,590	\$ 1,324,287	\$ 2,020,408	(\$ 276,124)	(\$ 99,694)	\$ 11,324,092		

(The accompanying notes form an integral part of the Parent Company Only Financial Statements)

Chun Yuan Steel Industry Co., Ltd.

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

Unit : Thousand NTD

Item	Year of 2021	Year of 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) before income tax	\$ 1,467,003	\$ 621,478
Adjustment items		
Income/gain or expense/loss items		
Depreciation expense	192,207	190,715
Amortization expense	4,614	4,249
Loss (gain) on expected credit impairment	14,361	12,505
Net loss (gain) on FVTPL financial assets or liabilities	(42,015)	(2,014)
Interest expense	29,078	24,172
Interest income	(311)	(311)
Dividend income	(8,115)	(9,488)
Share of loss (profit) of subsidiaries, associates and joint ventures under equity method	(222,177)	(95,275)
Loss (gain) on disposal of property, plant and equipment	(3,109)	(1,440)
Loss (gain) on disposal of investments	(3,809)	(7)
Total income/gain or expense/loss items	(39,276)	123,106
Changes in operating assets / liabilities		
Net changes in operating assets		
(Increase) Decrease in contract assets	(366,524)	(329,123)
(Increase) Decrease in notes receivable	(568,846)	(73,553)
(Increase) Decrease in accounts receivable	(684,901)	(120,462)
(Increase) Decrease in accounts receivable - related parties	60,753	(61,112)
(Increase) Decrease in other receivables	(18,987)	(8,827)
(Increase) Decrease in other receivables - related parties	(431)	2,674
(Increase) Decrease in inventories	(1,765,221)	(126,545)
(Increase) Decrease in prepaid expenses	-	3,245
(Increase) Decrease in prepayments	27,383	(51,666)
(Increase) Decrease in other current assets	(19,151)	69
(Increase) Decrease in other operating assets	(12,900)	14,455
Total net changes in operating assets	(3,348,825)	(603,739)
Net changes in operating liabilities		
Increase (Decrease) in contract liabilities	387,908	(70,639)
Increase (Decrease) in notes payable	87	(9,927)
Increase (Decrease) in notes payable - related parties	(3,061)	3,820
Increase (Decrease) in accounts payable	32,258	298,864
Increase (Decrease) in accounts payable - related parties	(31,086)	13,931
Increase (Decrease) in other payables	71,600	38,400
Increase (Decrease) in other payables - related parties	(375)	239
Increase (Decrease) in provisions	363	(25)
Increase (Decrease) in other current liabilities	422	406
Increase (Decrease) in defined benefit liability, net	(3,373)	(5,605)
Total net changes in operating liabilities	454,743	269,464
Total net changes in operating assets / liabilities	(2,894,082)	(334,275)

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Total adjustment items	(2,933,358)	(211,169)
Cash generated (used) by operating activities	(1,466,355)	410,309
Interest received	316	259
Dividends received	116,461	104,879
Interest paid	(28,336)	(26,097)
Income tax refunded (paid)	(158,399)	(54,367)
Net cash generated (used) by operating activities	(1,536,313)	434,983
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of FVTOCI financial assets	(81,676)	-
Returned capital from FVTOCI financial assets	12,207	19,088
Acquisition of FVTPL financial assets	(166,298)	(303,000)
Disposal of FVTPL financial assets	168,432	303,007
Acquisition of property, plant and equipment	(374,449)	(326,809)
Disposal of property, plant and equipment	3,378	1,636
Increase in guarantee deposits paid	(711)	(34)
Increase in other financial assets	-	(72,779)
Increase in prepayments for equipment	(133,399)	(67,787)
Increase in other prepayments	-	(2,535)
Net cash flows generated (used) by investing activities	(572,516)	(449,213)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,676,074	105,014
Increase in short-term notes payable	687,023	91,884
Increase in long-term borrowings	137,500	-
Increase in guarantee deposits received	1,705	650
Lease principal repayments	(16,602)	(18,176)
Distribution of cash dividends	(388,593)	(186,141)
Net cash flows generated (used) by financing activities	2,097,107	(6,769)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,722)	(20,999)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	116,195	137,194
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 104,473	\$ 116,195

(The accompanying notes form an integral part of the Parent Company Only Financial Statements)

Independent Auditors' Report

To Chun Yuan Steel Industry Co., Ltd.

Opinion

We have audited the Consolidated Financial Statements of Chun Yuan Steel Industry Co., Ltd. and Subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years ended December 31, 2021 and 2020, and 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 financial position of the Group as of December 31, 2021 and 2020, its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards and interpretations recognized, published and made effective by the Financial Supervisory Commission.

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 Code of Professional Ethics for Certified Public Accountant of the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and, in forming our opinion thereon; we do not provide a separate opinion on these matters. Key audit matters for the Consolidated Financial Statements of the Group for the year ended December 31, 2021 are stated as follows :

A. Valuation of inventory

For the accounting policies regarding inventories, please refer to Note IV-8 of the Consolidated Financial Statements ; Regarding accounting estimates and assumptions of inventory impairment assessment, please refer to Note V-2 (7) of the Consolidated Financial Statements.

Illustration of key audit matter :

As of December 31, 2021, the net balance of inventories of the Group was NT\$5,677,725 thousand (net of NT\$142,842 thousand of allowance for inventory valuation loss), which mainly consist of steel plates and structural steel materials, etc. Due to either changes in economic environment, advancements in manufacturing technology, or fluctuation in the price of raw materials, the products in stock may be obsolete or no longer meet the market demand, and drastic changes in the demand for and selling prices of related products may result. Since inventory valuation is relevant to significant judgement and estimates, it is regarded as a key audit matter.

Audit procedures in response :

By performing test of internal controls, we obtained understanding of the Group's assessment method for estimating impairment of its inventories and the design and implementation of the related control system. In addition, we have also performed the following major audit procedures : Assessed reasonableness of accounting policy for inventory valuation ; Reviewed inventory aging reports, analyzed changes in inventory aging and evaluated if the inventory valuation had been carried out according to the accounting policy ; Obtained understanding and assessed reasonableness of the basis of net realizable value adopted by the management, selected samples and agreed to the related supporting document for testing accuracy of the amounts, and assessed if the management had made proper disclosure regarding subsequent inventory evaluations.

B. Revenue recognition

For the accounting policies regarding recognition of construction revenue, please refer to Note IV-18 of the Consolidated Financial Statements ; For the related revenue disclosures, please refer to Note VI-23.

Illustration of key audit matter :

Revenue is an important index used by enterprises and investors for assessing financial and business performance. The sources of the Group's revenue are divided mainly in two categories, revenue from sales of merchandise and construction revenue. Selling prices are affected by fluctuations in market prices of materials ; Construction revenue are mainly from provision of construction-related services and are recorded according to the degree of completion during the period of construction contract. The degree of completion is computed based on the percentage of cost incurred up to the reporting date for each construction contract out of the estimated total cost of the respective construction contract. Due to complexity in estimating the total cost of contract items, which often involves judgements and would affect the degree of completion and revenue recognition of constructions, recognition of revenue is regarded as a key audit matter.

Audit procedures in response :

By performing test of internal controls, we obtained understanding of the Group's assessment method for recognizing construction revenue and the design and implementation of the related control system.

In addition, we have performed the following key audit procedures :

1. Tested whether or not the timing of revenue recognition by the company is correct, perform analysis on the top ten sales customers, compared changes, and assess if there is any material abnormality.

2. Reviewed major contracts to understand specific terms and risks of the respective contracts and assessed accuracy of revenue recognition.
3. Obtained summarized schedules of construction costs and performed the related substantive procedures, including agreeing the sampled current-period cost incurred to the related document, extra/deducted works agreed to supporting document, recomputing the construction revenue according to the degree of completion and confirming that the revenue has been properly booked.

C. Evaluation on expected credit loss of notes and accounts receivable

As of December 31, 2021, the net balance of notes and accounts receivable was NT\$6,284,885 thousand (net of NT\$115,780 thousand of expected credit loss), which accounted for 27% of the total consolidated assets and was material to the consolidated financial statements of the Group. Since the expected credit-loss valuation of the notes and accounts receivable, whose sign of impairment and historical rate of loss involve significant judgement by management, we consider that evaluation on expected credit loss of notes and accounts receivable to be a key audit matter.

Our audit procedures performed include (but not limited to) the following :

1. Tested the internal controls used by the management for managing notes and accounts receivable, such as sampling and testing for understanding of the controls regarding granting of credit lines and collection of overdue accounts by responsible personnel.
2. Considered the historical experience on occurrences of expected credit loss, assessed appropriateness of the recognition policy for loss allowance, including identification for client risks and analysis of historical bad-debt ratio.
3. Verified aging intervals of notes and accounts receivables and analyzed whether or not the changes in aging were reasonable, accompanied by confirmation of accounts and understanding of subsequent receipts.
4. We also considered appropriateness of the disclosures regarding notes and accounts receivables and the related risks, as in Note V and Note VI to the Consolidated Financial Statements of the Group.

Other matters

Chun Yuan Steel Industry Co., Ltd. had prepared the 2021 and 2020 Consolidated Financial Statements, along with the independent auditors' report with unqualified opinion issued, available for reference.

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

Management is responsible for preparation and fair presentation of the Consolidated Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, and interpretations recognized, published and made in effect by the Financial Supervisory Commission, and for maintaining necessary internal controls relating to preparation of the Consolidated Financial Statements, to ensure that the Consolidated Financial Statements 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, to cease operations, or has no practical alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate under 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, determine whether any material uncertainty exists in the 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 related notes) and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieve fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the guidance, supervision and performance for the audit of the Group. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned audit scope, timing of the audit and significant audit findings (including any significant deficiencies in internal control that we have identified 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 affect our independence (including the related safeguards).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless the laws or regulations preclude public disclosure on the matter or when, in extremely rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to be greater the additional benefits brought to the public from such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wang, Wu-Chang and Chen, Kui-Mei.

Crowe (TW) CPAs

Taipei, Taiwan, Republic of China

March 16, 2022

Notice to Readers

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

Chun Yuan Steel Industry Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
As of December 31, 2021 and 2020

Code	Assets	Unit : Thousand NTD			
		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
Current Assets					
1100	Cash and cash equivalents (Note VI-1)	\$ 656,017	3	\$ 503,059	3
1110	Financial assets measured at FVTPL – current (Note VI-2)	108,803	–	65,114	–
1139	Financial assets for hedging - current (Note VI-3)	–	–	2,632	–
1140	Contract assets - current (Note VI-23)	2,750,072	12	2,383,549	13
1150	Notes receivable, net (Note VI-4)	1,485,066	6	907,994	5
1170	Accounts receivable, net (Note VI-5)	4,798,425	21	3,536,721	20
1180	Accounts receivable - related parties, net (Note VI-5, 7)	1,394	–	63,692	–
1200	Other receivables	55,646	–	42,385	–
1210	Other receivables - related parties (Note VII)	3,002	–	822	–
1220	Current-period income tax assets	4,111	–	–	–
130x	Inventories, net (Note VI-6)	5,677,725	25	3,415,181	19
1410	Prepayments	292,945	1	247,460	1
1476	Other financial assets - current (Note VI-7)	580,281	3	657,775	4
1479	Other current assets - other	35,952	–	22,830	–
11xx	Total Current Assets	16,449,439	71	11,849,214	65
Noncurrent Assets					
1517	Financial assets measured at FVTOCI – noncurrent (Note VI-8)	533,719	2	398,710	2
1550	Investments accounted for using equity method (Note VI-9)	519,584	2	488,528	3
1600	Property, plant and equipment (Note VI-10)	5,316,278	23	5,176,993	29
1755	Right-of-use assets (Note VI-11)	64,041	1	91,354	–
1780	Intangible assets	3,676	–	3,689	–
1840	Deferred income tax assets (Note VI-28)	165,286	1	186,829	1
1915	Prepayments for equipment	38,871	–	31,687	–
1920	Guarantee deposits paid	12,532	–	11,322	–
1990	Other noncurrent assets - other	40,197	–	33,147	–
15xx	Total Noncurrent Assets	6,694,184	29	6,422,259	35
1xxx	Total Assets	\$ 23,143,623	100	\$ 18,271,473	100

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Code	Liabilities and Equity	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
Current Liabilities					
2100	Short-term borrowings (Note VI-13)	\$ 6,112,682	26	\$ 3,501,345	20
2110	Short-term notes payable (Note VI-14)	1,428,878	6	741,855	4
2130	Contract liabilities - current (Note VI-23)	609,884	3	240,525	1
2150	Notes payable	101,067	1	31,765	—
2160	Notes payable - related parties (Note VII)	54,727	—	39,611	—
2170	Accounts payable	1,042,511	5	1,006,285	6
2180	Accounts payable - related parties (Note VII)	8,457	—	39,549	—
2200	Other payables	564,162	2	518,604	3
2230	Current-period income tax liabilities	201,266	1	112,700	1
2250	Provisions - current (Note VI-15)	39,109	—	38,626	—
2280	Lease liabilities - current (Note VI-11)	12,182	—	13,437	—
2320	Long-term liabilities due within 1 year or 1 operating cycle (Note VI-16)	50,000	—	—	—
2300	Other current liabilities	11,058	—	13,216	—
21xx	Total Current Liabilities	10,235,983	44	6,297,518	35
Noncurrent Liabilities					
2540	Long-term borrowings (Note VI-16)	87,500	1	—	—
2570	Deferred income tax liabilities (Note VI-28)	809,342	3	810,010	4
2580	Lease liabilities - noncurrent (Note VI-11)	14,438	—	18,353	—
2640	Defined benefit liability, net - noncurrent (Note VI-17)	119,605	1	126,017	1
2645	Guarantee deposits received	26,707	—	24,465	—
25xx	Total Noncurrent Liabilities	1,057,592	5	978,845	5
2xxx	Total Liabilities	11,293,575	49	7,276,363	40
Equity					
Equity attributable to owners of the parent					
3100	Share capital (Note VI-18)	6,476,554	28	6,476,554	35
3200	Capital surplus (Note VI-19)	162,071	1	161,701	1
3300	Retained earnings (Note VI-20)	5,061,285	22	4,220,464	23
3310	Legal reserve	1,716,590	7	1,665,300	9
3320	Special reserve	1,324,287	6	1,324,287	7
3350	Unappropriated retained earnings	2,020,408	9	1,230,877	7
3400	Other equity (Note VI-21)	(375,818)	(2)	(420,859)	(2)
3410	Exchange differences on translation of foreign financial statements	(276,124)	(1)	(260,235)	(1)
3420	Unrealized gains (losses) on financial assets measured at FVTOCI	(99,694)	(1)	(160,624)	(1)
31xx	Total equity attributable to owners of the parent	11,324,092	49	10,437,860	57
36xx	Non-controlling interest (Note VI-22)	525,956	2	557,250	3
3xxx	Total Equity	11,850,048	51	10,995,110	60
Total Liabilities and Equity					
		\$ 23,143,623	100	\$ 18,271,473	100

(The accompanying notes form an integral part of the consolidated financial statements)

Chun Yuan Steel Industry Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2021 and 2020

Unit : Thousand NTD

Code	Item	Year of 2021		Year of 2020	
		Amount	%	Amount	%
4000	Operating revenue (Note VI-23)	\$ 26,320,660	100	\$ 19,228,310	100
5000	Operating costs	(23,953,387)	(91)	(17,882,620)	(94)
5900	Gross profit (loss) from operations	2,367,273	9	1,345,690	6
	Operating expenses				
6100	Selling expenses	(481,000)	(2)	(408,767)	(2)
6200	Administrative expenses	(480,029)	(2)	(382,648)	(2)
6450	Loss or recovery gain on expected credit impairment	(44,032)	-	(11,872)	-
6000	Total operating expenses	(1,005,061)	(4)	(803,287)	(4)
6900	Operating income (loss)	1,362,212	5	542,403	2
	Non-operating income and expenses				
7100	Interest income	13,580	-	13,599	-
7010	Other income (Note VI-24)	124,609	1	135,221	1
7020	Other gains and losses (Note VI-25)	73,488	-	1,456	-
7050	Finance costs (Note VI-26)	(63,180)	-	(43,071)	-
7070	Share of profits of subsidiaries, associates, and joint ventures under equity method	50,456	-	21,629	-
7000	Total non-operating income and expenses	198,953	1	128,834	1
7900	Net income (loss) before income tax	1,561,165	6	671,237	3
7950	Income tax (expense) benefit (Note VI-28)	(315,905)	(1)	(148,842)	(1)
8200	NET INCOME (LOSS)	1,245,260	5	522,395	2
	Other comprehensive income (loss) (Note VI-29)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plan	3,039	-	(744)	-
8316	Unrealized measurement gains or losses on equity instruments at FVTOCI	60,737	-	9,106	-
8321	Remeasurements of defined benefit plan - associates and joint ventures	396	-	(264)	-
8326	Unrealized measurement gains or losses on equity instruments at FVTOCI - associates and joint ventures	5,554	-	1,992	-
8360	Items that may be subsequently reclassified into profit or loss				
8361	Exchange differences on translation of foreign financial statements	(8,823)	-	78,754	-
8371	Exchange differences on translation of foreign financial statements - associates and joint ventures	(12)	-	22	-
8300	Other comprehensive income (loss), net	60,891	-	88,866	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 1,306,151	5	\$ 611,261	2
8600	Net income (loss) attributed to :				
8610	Owners of the parent (net income/loss)	\$ 1,220,618	5	\$ 513,917	2
8620	Non-controlling interest (net income/loss)	24,642	-	8,478	-
8700	Total comprehensive income or loss attributed to :	\$ 1,245,260	5	\$ 522,395	2
8710	Owners of the parent (comprehensive income or loss)	\$ 1,274,455	5	\$ 562,449	2
8720	Non-controlling interest (comprehensive income or loss)	31,696	-	48,812	-
8700		\$ 1,306,151	5	\$ 611,261	2
	EARNINGS PER SHARE (NTD)				
9750	Basic earnings per share (Note VI-30)	\$ 1.88		\$ 0.79	
9850	Diluted earnings (loss) per share (Note VI-30)	\$ 1.88		\$ 0.79	

(The accompanying notes form an integral part of the consolidated financial statements)

Chun Yuan Steel Industry Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2021 and 2020

Unit : Thousand NTD

	Equity attributable to owners of the parent										
	Retained Earnings				Other Equity Items						
	Share capital - common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized measurement gains (loss) on FVTOCI equity instruments	Total equity attributable to owners of the parent	Non-controlling interest	Total equity	
Balance, January 1, 2020	\$ 6,476,554	\$ 160,927	\$ 1,641,221	\$ 1,324,287	\$ 936,344	(\$ 298,677)	(\$ 171,722)	\$ 10,068,934	\$ 548,416	\$ 10,617,350	
Appropriation and distribution of earnings :											
Record legal reserve	–	–	24,079	– (	24,079)	–	–	–	–	–
Cash dividends – common shares	–	–	–	– (	194,297)	–	– (	194,297)	– (	194,297)
Other changes in capital surplus	–	774	–	–	–	–	–	774	–	774	
Net income (loss) in 2020	–	–	–	–	513,917	–	–	513,917	8,478	522,395	
Other comprehensive income (loss) in 2020	–	–	–	– (	1,008)	38,442	11,098	48,532	40,334	88,866
Total comprehensive income (loss) in 2020	–	–	–	–	512,909	38,442	11,098	562,449	48,812	611,261	
Increase (decrease) in non-controlling interest	–	–	–	–	–	–	–	– (	39,978)	– (39,978)
Balance, December 31, 2020	\$ 6,476,554	\$ 161,701	\$ 1,665,300	\$ 1,324,287	\$ 1,230,877	(\$ 260,235)	(\$ 160,624)	\$ 10,437,860	\$ 557,250	\$ 10,995,110	
Balance, January 1, 2021	\$ 6,476,554	\$ 161,701	\$ 1,665,300	\$ 1,324,287	\$ 1,230,877	(\$ 260,235)	(\$ 160,624)	\$ 10,437,860	\$ 557,250	\$ 10,995,110	
Appropriation and distribution of earnings :											
Record legal reserve	–	–	51,290	– (	51,290)	–	–	–	–	–
Cash dividends – common shares	–	–	–	– (	388,593)	–	– (	388,593)	– (	388,593)
Other changes in capital surplus	–	370	–	–	–	–	–	370	–	370	
Other changes in capital surplus	–	370	–	–	–	–	–	370	–	370	
Net income (loss) in 2021	–	–	–	–	1,220,618	–	–	1,220,618	24,642	1,245,260	
Other comprehensive income (loss) in 2021	–	–	–	–	3,435 (	15,889)	66,291	53,837	7,054	60,891
Total comprehensive income (loss) in 2021	–	–	–	–	1,224,053 (	15,889)	66,291	1,274,455	31,696	1,306,151
Disposal of subsidiary	–	–	–	–	–	–	–	– (	28,416)	– (28,416)
Increase (decrease) in non-controlling interest	–	–	–	–	–	–	–	– (	34,574)	– (34,574)
Disposal of FVTOCI equity instruments	–	–	–	–	5,361	– (	5,361)	–	–	–
Balance, December 31, 2021	\$ 6,476,554	\$ 162,071	\$ 1,716,590	\$ 1,324,287	\$ 2,020,408	(\$ 276,124)	(\$ 99,694)	\$ 11,324,092	\$ 525,956	\$ 11,850,048	

(The accompanying notes form an integral part of the consolidated financial statements)

Chun Yuan Steel Industry Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

Unit : Thousand NTD

Item	Year of 2021	Year of 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) before income tax	\$ 1,561,165	\$ 671,237
Adjustment items		
Income/gain or expense/loss items not affecting cash flows		
Depreciation expense	269,198	277,045
Amortization expense	15,499	17,604
Loss (gain) on expected credit impairment	44,032	11,872
Net loss (gain) on FVTPL financial assets or liabilities	(42,015)	(2,014)
Interest expense	63,180	43,071
Interest income	(13,580)	(13,599)
Dividend income	(8,115)	(9,488)
Share of loss (profit) of associates and joint ventures under equity method	(50,456)	(21,629)
Loss (gain) on disposal of property, plant and equipment	(4,261)	(13,063)
Loss (gain) on disposal of investments	(3,809)	(7)
Gain from disposal of subsidiary	(23,884)	-
Total income/gain or expense/loss items	<u>245,789</u>	<u>289,792</u>
Changes in operating assets / liabilities		
Net changes in operating assets		
(Increase) Decrease in contract assets	(366,524)	(329,123)
(Increase) Decrease in notes receivable	(568,562)	(153,303)
(Increase) Decrease in accounts receivable	(1,314,181)	(134,541)
(Increase) Decrease in accounts receivable - related parties	62,298	(61,833)
(Increase) Decrease in other receivables	(16,618)	(11,387)
(Increase) Decrease in other receivables - related parties	(2,180)	(1,341)
(Increase) Decrease in inventories	(2,262,140)	(274,121)
(Increase) Decrease in prepayments	(45,507)	(121,721)
(Increase) Decrease in other current assets	(13,169)	(5,488)
(Increase) Decrease in other operating assets	158	(14,752)
Total net changes in operating assets	<u>(4,526,425)</u>	<u>(768,818)</u>
Net changes in operating liabilities		
Increase (Decrease) in contract liabilities	369,359	(53,243)
Increase (Decrease) in notes payable	69,302	(17,264)
Increase (Decrease) in notes payable - related parties	15,115	(2,952)
Increase (Decrease) in accounts payable	36,236	(263,913)
Increase (Decrease) in accounts payable - related parties	(31,091)	(13,930)
Increase (Decrease) in provisions	483	(1,111)
Increase (Decrease) in other payables	156,086	(53,920)
Increase (Decrease) in other payables - related parties	(259)	(259)

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Increase (Decrease) in other current liabilities	473	1,381
Increase (Decrease) in defined benefit liability, net	(3,373)	(5,605)
Total net changes in operating liabilities	612,590	293,142
Total net changes in operating assets / liabilities	(3,913,835)	(475,676)
Total Adjustment items	(3,668,046)	(185,884)
Cash generated (used) by operating activities	(2,106,881)	485,353
Interest received	16,935	12,858
Dividends received	27,901	35,267
Interest paid	(58,695)	(45,012)
Income tax refunded (paid)	(250,557)	(71,990)
Net cash generated (used) by operating activities	(2,371,297)	416,476
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of FVTOCI financial assets	(81,676)	–
Returned capital from FVTOCI financial assets	12,207	19,088
Acquisition of FVTPL financial assets	(166,298)	(303,000)
Disposal of FVTPL financial assets	168,432	303,007
Cash received from disposal of subsidiary	67,904	–
Acquisition of property, plant and equipment	(393,175)	(367,753)
Disposal of property, plant and equipment	8,543	72,840
Increase in guarantee deposits paid	(1,209)	(75)
Increase in other financial assets	–	(151,312)
Decrease in other financial assets	77,494	–
Increase in prepayments for equipment	(136,048)	(81,325)
Increase in other prepayments	(22,930)	(18,573)
Net cash flows generated (used) by investing activities	(466,756)	(527,103)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	2,611,337	195,902
Increase in short-term notes receivable	687,023	91,884
Increase in long-term borrowings	137,500	–
Increase in guarantee deposits received	2,242	465
Lease principal repayment	(16,602)	(18,176)
Distribution of cash dividends	(388,593)	(186,141)
Change in non-controlling interest	(34,574)	(39,978)
Net cash flows generated (used) by financing activities	2,998,333	43,956
Effects on cash and cash equivalents due to fluctuations in exchange rates	(7,322)	66,316
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	503,059	503,414
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 656,017	\$ 503,059

(The accompanying notes form an integral part of the consolidated financial statements)

Appendix 4

Report of the Audit Committee

The Board of Directors prepared the Company's 2021 financial statements (including consolidated and individual financial statements), business reports and surplus earnings distribution proposal, among which the financial statements (including consolidated and individual financial statements) were audited by Wang Wu Chang and Chen Kui Mei, CPAs of Crowe (TW) CPAs and an audit report has been issued. The aforesaid various reports and financial statements prepared by the Board of Directors have been audited by this Audit Committee and no non-conformity was found. We therefore prepare this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

The Audit Committee has the responsibility to conduct the Company's business operations with loyalty and due care of a good administrator.

The attesting CPAs, Wang Wu Chang and Chen Kui Mei, communicated the following matters with the Audit Committee:

1. The planned scope and timing of the audit and major findings from the audit.
2. Matters regarding the independence of the accounting firm to which the CPAs belong.
3. Key audit matters.

For your review and decision.

To: Regular meeting of shareholders of Chun Yuan Steel Industry Co., Ltd., 2022

Chun Yuan Steel Industry Co., Ltd.

Audit Committee

Convener:

16 March, 2022

Appendix 5

Chun Yuan Steel Industry Co., Ltd.
2021 Earning Distribution Table

	Unit: NTD
Unappropriated retained earnings at the beginning of the period	790,993,837
Add (less):	
Actuarial gains and losses for defined benefit plans	3,435,667
When disposing the investment in equity instrument measured at fair value through other comprehensive income, the cumulative profit/loss is transferred to the retained earnings directly.	5,360,667
2020 net profit after tax	1,220,617,699
Sub-total	2,020,407,966
Less: 10% 2021 legal reserve	122,941,413
2021 Distributable net profit	1,897,466,553
Distributable items:	
Cash dividends : NTD 1.30	841,952,007
Share dividends: NTD 0.00	0
Unappropriated retained earnings at the end of the period	1,055,514,546

Note: The profit distribution is based on the 2021 profit distribution, calculated up to NTD, and rounded down below NTD.

Articles of Incorporation, Chun Yuan Steel Industry Co., Ltd.

Amended on June 21, 2019

Chapter 1 General Principles

Article 1: The Company is organized pursuant to the Company Act, and named as “Chun Yuan Steel Industry Co., Ltd.”

Article 2: The business scope of the Company is as follows:

1. E103011 Steel Structure Works Specialized Construction Enterprises
2. CA01020 Iron and Steel Rolling and Extruding
3. CA01030 Iron and Steel Casting
4. CA01050 Steel Secondary processing
5. CA01070 Scrapped Car and Boat Dismantling and Scrap Iron and Steel Metal Processing
6. CA01990 Other Non-ferrous Metal Basic Industries
7. CA02010 Manufacture of Metal Structure and Architectural Components
8. CA02030 Screw, Nut and Rivet Manufacturing
9. CA02040 Spring Manufacturing
10. CA02050 Valves Manufacturing
11. CA02060 Metal Containers Manufacturing
12. CA02080 Metal Forging
13. CA02090 Metal Wire Products Manufacturing
14. CA02990 Other Metal Products Manufacturing
15. CB01010 Mechanical Equipment Manufacturing
16. CB01030 Pollution Controlling Equipment Manufacturing
17. CB01990 Other Machinery Manufacturing
18. CD01030 Motor Vehicles and Parts Manufacturing
19. CD01040 Motorcycles and Parts Manufacturing
20. CD01990 Other Transport Equipment and Parts Manufacturing
21. CN01010 Furniture and Decorations Manufacturing
22. CQ01010 Mold and Die Manufacturing
23. CZ99990 Manufacture of Other Industrial Products Not Elsewhere Classified
24. E603020 Elevator Installation Engineering
25. E603100 Electric Welding Engineering
26. E604010 Machinery Installation
27. EZ02010 Crane and Hoist Services Engineering
28. F106030 Wholesale of Molds
29. F111100 Wholesale of Building Materials

- 30. F206030 Retail Sale of Molds
- 31. F211010 Retail Sale of Building Materials
- 32. F401010 International Trade
- 33. G801010 Warehousing
- 34. I103060 Management Consulting
- 35. I199990 Other Consulting Service
- 36. I301010 Information Software Services
- 37. I301020 Data Processing Services
- 38. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company may invest externally if the business requires, and the investment may be more than 40% of the paid-up share capital.

Article 4: The Company may make endorsements and guarantees pursuant to laws and regulations.

Article 5: The Company is headquartered in Taipei City and, when necessary, may establish branches at home and abroad as resolved by the Board of Directors in accordance with the law.

Article 6: Any and all public announcements to be made by the Company shall comply with Article 28 of the Company Act.

Chapter 2 Shares

Article 7: The capital of the Company is set at Seven Billion New Taiwan dollars, divided into Seven Hundred Million shares. The face value per share is Ten New Taiwan dollar. The Board of Directors is authorized to issue the unissued shares in batches.

Article 8: The share certificates of the Company shall be signed by, or affixed with seals of, at least three directors, and authenticated in accordance with the law before issuance.

Article 9: The registered shares publicly offered by the Company may not be printed in hard copies, but shall be registered with a centralized securities depository enterprise.

Article 10: The Company processes the stock affairs in accordance with the “Regulations Governing the Administration of Stock Affairs of Public Companies” announced by the competent authority.

Article 11: Share transfer or rename registration shall be suspended 60 days prior to a regular shareholders meetings, or 30 days prior to a special shareholders meetings, or 5 days prior to the record date fixed for distributing dividends, bonuses, or any other benefit.

Chapter 3 Shareholders Meeting

Article 12: There are two kinds of shareholders meetings of the Company: regular shareholders meetings and special shareholders meetings. The regular shareholders meetings are convened once per year within six months from the close of the fiscal year. The special shareholders meetings may be convened in accordance with applicable laws and regulations whenever necessary.

Article 13: A shareholder unable to attend the shareholders meeting in person may appoint a proxy to attend the meeting by using a power of attorney indicating the scope of authorization with principal's signature and/or seal.

Article 14: Each of the shareholder's shares have one voting right.

However, the following circumstances grant no voting right to their shares.

1. The shares of a company that are held by the issuing company itself in accordance with the laws.
2. The shares of a controlled company that are held by its subordinate company, where the total number of voting shares or total capital held by the controlled company in such a subordinate company represents more than one half of the total number of voting shares or the total shares equity of such a subordinate company.
3. The shares of a controlled company and its subordinate companies that are held by another company, where the total number of the shares or total capital of that company held by the controlled company and its subordinate companies directly or indirectly represents more than one half of the total number of voting shares or the total capital of such a company.

Article 15: Resolutions at a shareholders meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Chapter 4 Directors and the Audit Committee

Article 16: The Company sets nine to eleven directors with a term of three years. Directors may be re-elected.

Among the said directors, at least three seats and one-fifth of the all seats shall be independent directors. The election of independent directors and general directors shall adopt the candidate nomination system specified in Article 192-1 of the Company Act, and the Securities and Exchange Act and other laws and regulations shall be complied with. The total amount of the registered shares held by the Company's directors shall comply with the "Rules and Review Procedures for Director Share Ownership Ratios at Public Companies."

Shall the registered shares held by all the directors be less than the percentage required by

the competent authorities when they are elected, all the directors other than the independent directors shall make up the deficiency.

Article 16-1: The Company has established an audit committee pursuant to Article 14-4 of the Securities and Exchange Act. The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise. The functions and other matters to be complied with by the audit committee shall be in accordance with the Company Act, the Securities and Exchange Act, other laws, and the Company's Articles of Incorporation.

Once the audit committee is established, the functions performed by supervisors as specified in the Company Act, the Securities and Exchange Act and other laws, and the Company's Articles of Incorporation shall be performed by the audit committee, except for the matters specified in Article 14-4, paragraph 4 of the Securities and Exchange Act. Resolutions shall be approved by the majority of the audit committee. The convener of the audit committee represents the committee externally.

Article 17: The Board of Directors is composed of directors. The Board of Directors shall elect a chairman of the Board of Directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors.

Article 18: In case the Chairman of the board of directors is absent or cannot exercise their power and authority for any reason, a proxy shall be chosen pursuant to Article 208 of the Company Act. Directors may assign other directors as their proxies if they are unable to attend the Board's meetings.

Article 19: Whether the Company makes profit or not, the transportation subsidies to the general directors and independent directors must be paid.

Such transportation subsidies and the remuneration to the Chairman shall be decided by the Board of Directors by referring to the industry and other public companies.

Chapter 5 Managerial Officers

Article 20: The Company may establish the following managerial officers:

1. One president.
2. Several vice presidents and associate vice presidents

Appointment and discharge and the remuneration of the managerial officers shall be specified in contracts, to be approved by a majority vote at a Board's meeting attended by over a half of the directors.

Chapter 6 Accounting

Article 21: The fiscal year of the Company is from January 1 to December 31 every year, with an annual account closure at the end of a year. After the year-end account closure, the Board of Directors shall prepare the following books and account closure to be submitted to the Audit Committee 30 days prior the general meeting for audit, so that these books and statements may be ratified in the general meeting:

1. The business report.
2. The financial statements.
3. The surplus earning distribution or loss off-setting proposals.

Article 22: The profit before tax, without including the remunerations to employees and directors, shall be distributed at the following percentages if a surplus is left after deducting the accumulated loss:

1. Directors' remuneration: maximum 1%
2. Employees' remuneration: 2%

Article 22-1: If the Company has surplus profits after account closure for the year, after losses have been covered and all taxes and dues have been paid, ten percent of such profits shall first be set aside as a legal reserve, and other provisions shall be deducted. If there is still profit, such profit may be reserved at discretion, and the Board of Directors may propose distribution to the shareholders meetings as dividends distributed to shareholders. If all profit distribution is made in cash, the Board of Directors may do so in the manner of a special resolution, and report to the shareholders meeting.

Article 23: Dividend policy

The Company's industry is fully developed, with stable profitability and a robust financial structure. For many years, the Company has been committed to diversified and high value added steel products and investments in high technology industries, to expand operational foundations.

When formulating the earnings appropriation, the Company's financial structure, shareholders' equity, and the stability of dividends are taken into account. Except for funding needs, the actual annual distribution of surplus does not include the previous distributable surplus (detailed in Article 22) more than 50%, of which cash dividends are not less than 10% of the combined cash dividends and stock dividends.

Supplementary Principles.

Article 24: Shall there be anything not mentioned in the Articles of Incorporation, the Company Act shall apply.

Article 25: The Articles of Incorporation were established on November 30, 1965. The first amendment was made on May 1, 1967. The second amendment was made on February 28, 1969. The third amendment was made on May 8, 1970. The fourth amendment was made on July 1, 1970. The fifth amendment was made on January 6, 1972. The sixth amendment was made on July 20, 1972. The seventh amendment was made on May 1, 1973. The eighth amendment was made on February 11, 1974. The ninth amendment was made on March 15, 1974. The tenth amendment was made on March 23, 1976. The eleventh amendment was made on October 13, 1976. The twelfth amendment was made on May 27, 1978. The thirteenth amendment was made on October 24, 1978. The fourteenth amendment was made on August 25, 1979. The fifteenth amendment was made on June 3, 1980. The sixteenth amendment was made on June 10, 1980. The seventeenth amendment was made on September 9, 1980. The eighteenth amendment was made on November 8, 1980. The nineteenth amendment was made on November 29, 1980. The 20th amendment was made on April 24, 1981. The 21st amendment was made on May 26, 1981. The 22nd amendment was made on March 19, 1983. The 23rd amendment was made on June 20, 1983. The 24th amendment was made on February 24, 1984. The 25th amendment was made on March 1, 1985. The 26th amendment was made on May 28, 1985. The 27th amendment was made on June 14, 1985. The 28th amendment was made on August 30, 1986. The 29th amendment was made on May 31, 1988. The 30th amendment was made on June 22, 1988. The 31st amendment was made on November 16, 1988. The 32nd amendment was made on November 21, 1988. The 33rd amendment was made on December 29, 1988. The 34th amendment was made on March 30, 1989. The 35th amendment was made on April 23, 1989. The 36th amendment was made on May 7, 1990. The 37th amendment was made on May 20, 1991. The 38th amendment was made on May 29, 1992. The 39th amendment was made on June 14, 1993. The 40th amendment was made on May 9, 1994. The 41st amendment was made on June 22, 1995. The 42nd amendment was made on June 24, 1997. The 43rd amendment was made on June 16, 1998. The 44th amendment was made on June 13, 2000. The 45th amendment was made on June 19, 2001. The 46th amendment was made on June 18, 2002. The 47th amendment was made on June 17, 2004. The 48th amendment was made on June 8, 2005. The 49th amendment was made on June 15, 2006. The 50th amendment was made on June 19, 2009. The 51st amendment was made on June 9, 2015. The 52nd amendment was made on June 16, 2016. The 53rd amendment was made on June 14, 2018. The 54th amendment was made on June 21, 2019.

Chun Yuan Steel Industry Co., Ltd.

Chairman: TSAI, HSI-CHI

Rules of Procedure for Shareholders' Meetings of the Company, Chun Yuan Steel Industry Co., Ltd.

Amended on July 23, 2021

Article 1: The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law and regulation, or the Articles of Incorporation, shall be as provided in these Rules.

Article 2: Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

Article 3: The meeting shall be held on the premises of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.

Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 4: The Company's shareholders meeting shall, unless otherwise provided for in these Rules, be convened by the Board of Directors.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of a regular shareholders meeting or 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting handbook and supplemental meeting materials and upload them to the MOPS 21 days before the date of the regular shareholders meeting or 15 days before the date of the special shareholders meeting. In addition, 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting handbook and supplemental meeting materials and made them available for review by shareholders at any time. The meeting handbook and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby, as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular shareholders meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda.

In addition, when the circumstances of any sub paragraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

If a shareholders meeting is convened by the board of directors, the chair shall be elected as specified by Article 208 of the Company Act. If the meeting is convened by a party with the power to convene other than the board of directors, the convening party shall chair the meeting.

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

Article 5: The Company may appoint its attorneys, certified public accountants, or related persons to attend the meeting.

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

Article 5-1: Before speaking, an attending shareholder must specify on a speaker's slip the number of the attendance card, name, and subject of the speech. Which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. For the authority commissioned to the proxy in the manner of power of attorney or other means, whether known by the Company or not, the speech and vote of the proxy prevails. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

Article 5-2: A shareholder's speech may not exceed three minutes. Provided, with the consent of the chair, another three minutes may be granted, but only one extension is permitted.

Article 5-3: A shareholder may not speak more than twice on the same proposal. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

Article 5-4: When a juristic person attends the shareholders meeting as a proxy, only one representative is permitted.

If a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

Article 6: The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the meeting and the voting and vote counting procedures. The recorded materials shall be retained for at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the materials of the meeting involved shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

Article 7: Once the shares represented by attending shareholders reach more than half of the total issued shares, the chair shall announce the start of the meeting. However, if the said quorum fails to be reached after the specified time of meeting, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made.

If the quorum is not met after two postponements and the attending shareholders still

represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.

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

Article 8: If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene other than the Board of Directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. After dismissal, shareholders must not elect another chair to continue the meeting at the same venue or another venue.

If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

Article 9: The attendance is calculated on the basis of shares. Shall any shareholder suggest counting the number of shareholders, the chair may refuse. The number of shares in attendance shall be calculated according to the shares indicated by sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically. A poll with quorum is deemed the approval to a proposal.

Article 10: The chair may conclude a discussion of a proposal when the discussion is duly proceeded.

Article 11: Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. The

results of the voting shall be announced on-site at the meeting, and a record shall be made of the vote.

Article 12: Except as otherwise provided in laws, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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

Article 13: Other than the proposals listed in the Agenda, other proposals, amendments or alternatives to proposals made by a shareholder, shall be seconded by other shareholders. The total shares represented by the shareholders making and seconding proposals shall be 1% or more of the issued shares; otherwise the proposal is not established.

Article 14: The chair may direct the proctors or security personnel to help maintain order at the meeting place.

When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word “Proctor.”

Article 15: When a meeting is in progress, the chair may announce a break based on time considerations. If a meeting is unable to conclude everything, a resolution may be made by the meeting to continue the meeting within five days without further notification and announcement.

Article 16: These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

Company's Rules for Director and Supervisor Elections

Amended on June 21, 2019

Article 1: The Company's elections of directors, except as Company Act, otherwise provided by law and regulation or by the Company's Articles of Incorporation, shall follow the Procedures.

Article 2: The Company's elections of directors are held in shareholders' meetings.

Article 3: The election of directors shall adopt the candidate nomination system specified in Article 192-1 of the Company Act, and the Securities and Exchange Act and other laws and regulations shall be complied with.

Article 4: The seats of directors shall be defined by the Board pursuant to the Articles of Incorporation.

Article 5: The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 6: In the Company's elections of directors, voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes.

When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 7: The Board shall prepare ballots for directors. The ballots shall be sealed with the Board's seal, and the shareholder's attendance card numbers and number of voting rights of the voter shall be specified.

Article 8: Before the election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel. Where no attending shareholder voluntarily takes the duty of vote monitoring, the chair may appoint such arbitrarily.

Article 9: The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 10: When filling in the ballots, the voting rights casted to a candidates shall be specified in the column of “candidate” on the ballot with a brush, an ink pen, or a ball pen.

Where the voting rights are exercised via the e-voting method, such exercise shall be rendered at the e-voting platform, in the way designated by the Company.

Article 11: A ballot is invalid under any of the following circumstances:

1. A ballot not placed in the ballot box.
2. A ballot not prepared by the Board, not sealed with the Board’s seal, or not specified the shareholder’s attendance card number and number of voting rights of the voter.
3. A blank ballot not filled in with the number of voting rights by the voter.
4. Other than the number of voting rights allotted, other words, marks, or unknown things are entered on the ballot.
5. The writing is unclear and indecipherable on the ballot.
6. The filled voting rights allotted have been altered on the ballot.
7. The total allotted voting rights are more than the voting rights held by the voter.

Furthermore, where the total voting rights are fewer than the voting rights held by the voter, the voting rights short are deemed abstained.

Article 12: The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 13: The Company’s Board shall issue notifications to the persons elected as directors, or announce the results of the election on MOPS.

Article 14: These Procedures shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

Appendix 9.

List of Shareholding by Current Directors

(I) Detailed List of the Minimum Shares Held by All Directors, and the Shares Held Registered in the Shareholder Registry

Title	No. of shares that must be held	No. of shares registered in the registry
Director	20,724,972shares	129,985,975shares

Note: book closure date: April 25, 2022

(II) Details of Shares Held by Directors

Title	Name	No. of shares registered in the registry
Chairperson	TSAI, HSI-CHI	24,610,799shares
Director	LEE, WEN-LUNG	30,000,000shares
Director	CHENG, YE-MING	17,179,211shares
Director	TSAI, HSI-YU	17,844,010shares
Director	AN TIEN INVESTMENT CO., LTD (Representative: LEE, WEN-FA)	5,453,557shares
Director	AMITY NEW CO., LTD. (Representative: CHENG, I-HUNG)	20,728,751shares
Director	LIAN TEH INVESTMENT CO., LTD (Representative: WU, MEI-YING)	7,021,445shares
Director	TSAI, CHENG-TING	7,148,202shares
Independent Director	TSENG, YUNG-FU	0 shares
Independent Director	LIN, WEI-LIANG	0 shares
Independent Director	HSU, LI-MING	0 shares

Note: book closure date: April 25, 2022

Appendix 10.

The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate (Not applicable)