Stock Code: 2020

Mayer Steel Pipe Corporation

MAYER STEEL PIPE CORPORATION

2022 Annual Report

The Annual Report is available at: http://mops.twse.com.tw/
Company Website: http://www.mayer.com.tw/
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V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry: None

VI. Company Website: http://www.mayer.com.tw

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Chapter 1. Letter to Shareholders

I. Introduction

Dear shareholders,

Welcome to the 2023 General Shareholders' Meeting of Mayer Steel Pipe Corporation.

According to the "World Economic Outlook" published by International Monetary Fund (IMF), global economic activities have declined more severely than previously expected, while inflation is at its highest in decades. Increased living cost now poses crisis on a global scale, whereas the tightening of money supply in many countries are starting to have severe repercussions on the outlook of the economy. Growth rate of the global economy has already declined from 6.0% in 2021 to 3.2% in 2022, and is expected to drop further to 2.9% in 2023. Faced with an adverse outlook, Mayer Steel Pipe reported significant decline in profits in 2022 despite having increased revenues slightly over 2021.

While the threat of the COVID-19 pandemic is gradually under control, the business environment remains challenging as the Ukraine-Russia war drags on for another year amidst the U.S.-China trade standoff and rising geopolitical tension and conflicts. Inflationary pressure remains high in the U.S. and Europe, and the negative effects it has on local consumptions is being reflected in industrial productions, leading to poor export sales for Taiwan's steel industry. Excess inventory levels in the downstream combined with slow turnover resulted in a decrease of restocking orders.

In the coming year, we shall embrace our challenges with caution and optimism. In light of the ample demand for steel for public infrastructures in Taiwan and the economic, housing market, and automobile market stimulants introduced in Mainland China, we expect local demands for steel to recover over time, thereby allowing the downstream to lower inventory by the second quarter of 2023. As a result, demand for the steel industry should return in the second half of 2023.

The management of Mayer expresses their gratitude to our shareholders for their continuous trust and support. We are committed to making greater efforts and we also wish the shareholders' meeting can be held smoothly.

Chairman Chun-Fa Huang

II. 2022 Business Report

(I) Results of the 2022 Business Plan:

The Company has implemented and promoted the concept of manufacturing service industry for a long time, which has supported the trust and mutual assistance relationship with customers. The supply and demand relationship between customers and the Company has been seriously maintained, which has guaranteed the leading position of the Company in the market.

In response to the implementation and negotiation of various international tariff and trade agreements, and in the face of the international political reality that it is difficult for China to participate in, the international market will be more unfavorable to competition and development. A number of corresponding strategic plans of the Company have been implemented successively and achieved the expected good results.

As a professional steel pipe manufacturing factory of the first brand in China, the maintenance and sustainable improvement of quality assurance, as well as the continuous promotion of product upgrading and equipment transformation are the necessary means to ensure the leading quality of Meiya products, and it is also an active management act promoted by Mayer all the time.

1. The Company reported NT$6,234,974,000 of operating revenues (NT$6,624,345,000 consolidated) in 2022, representing a marginal increase of 1% over the NT$6,199,234,000 (NT$6,558,618,000 consolidated) in2021.
2. The COVID-19 threat has now been contained owing to increased vaccination, and international trade resumed as borders re-opened in Europe and USA in 2022. Meanwhile, central banks around the world are transitioning into a contractionary monetary policy and making aggressive rate hikes in an attempt to counteract the inflationary pressure induced by the excess liquidity that governments had injected into the market in response to the pandemic. Just as the pandemic was ending, Russia's invasion of Ukraine stirred up geopolitical tension and conflict, which gave rise to a new crisis characterized by increased energy price, food price, and living costs. The challenging business environment combined with decreased growth of China's economy has lessened demand for the steel industry, which in turn reduced production activities and led to adverse adjustments to the price of raw materials and finished goods. Although the Company reported a slight growth of revenues in 2022, profits have declined significantly due to the detractors explained above.

(II) Budget:

Unit: NT$1,000

Items	2022 actual (consolidated)	2022 actual (separate)	2022 budgeted (separate)	Difference (separate)	Attainment rate (separate)
Net operating income	6,624,345	6,234,974	7,816,114	-1,581,140	79.77
Operating costs	6,199,928	5,841,941	7,158,568	-1,316,627	81.61
Net operating margin	424,417	393,033	657,547	-264,514	59.77
Operating Expenses	193,567	157,656	207,281	-49,625	76.06
Operating Profit	230,552	235,079	450,265	-215,186	52.21
Net profit before tax	338,990	331,190	616,024	-284,834	53.76

Note: Net operating profit includes realized/(unrealized) (loss)/profit from sales of goods.

(III) Financial Performance:

Unit: NT$1,000

Items	2022 (Consolidated)	2022 (Parent company only)
Net operating income	6,624,345	6,234,974
Operating costs	6,199,928	5,841,941
Net operating margin	424,417	393,033
Operating Profit	230,552	235,079
Total non-operating income and expense Total	108,438	96,111
Other income	231,521	225,374
Net other gains and losses	-168,371	-168,341
Financial costs	-56,745	-42,083
Share of profit and loss of associates and joint ventures accounted for using the equity method (net)	102,033	81,161
Net profit before tax of continuing business units	338,990	331,190
Net Profit after Tax	266,632	266,632

Note: Net operating profit includes realized/(unrealized) (loss)/profit from sales of goods.

(IV) Profitability Analysis:

Descriptions		2022 (Consolidated)	2022 (Parent company only)
Profitability	Return on assets (%)	4.02	4.21
	Return on shareholders' equity (%)	7.81	7.81
	Ratio of net profit before tax to paid-in capital (%)	15.23	14.88
	Net profit margin (%)	4.03	4.28
	Earnings per share (NT$)	1.20	1.20

(V) Research and Development:

1. Equipment

The Company will continue focusing on the replacement and renewal of stainless steel pipe production machinery and the upgrade of production technologies in 2023. Doing so not only increases the Company’s stainless steel pipe production capacity, but also helps upgrade the current stainless steel pipe welding technologies for better assurance of product quality.

Since 2021, the Company has been making acquisitions and renewals of factory equipment for various processes such as threading, straightening, thermal treatment, water pressure testing etc. A request was submitted to the Bureau of Standards, Ministry of Economic Affairs, for CNS review of hot dip galvanized carbon steel pipes, and the Company was awarded the CNS certificate on September 24, 2021, which is valid for the period from January 1, 2022 to December 31, 2024.

2. Skills

The research and improvement of the welding skills of medium and low carbon alloy steel products, as well as the further improvement of the flexibility quality of welding steel pipes with low-diameter and thick walls, are the key projects that the Company will be continuously implementing in the long term.

3. Environment protection

With regard to industrial sewage, air, and noise pollutions, we have implemented operations in compliance with environmental protection regulations and continued to make improvements to fulfill our social responsibilities.

III. Summary of the 2023 Business Plan

(I) Business Philosophy: Harmony and Innovation, Sustainable Operation.

(II) Business Strategies:

1. Promotion of the new concepts of the manufacturing service industry.
2. Implementation of business strategy of diversified cooperation.
3. Building an energetic organizational environment with smooth communication and coordination.
4. Maintenance and continuous improvement of the quality assurance system.
5. Continuous product upgrade and equipment transformation.
6. Strengthening the training of middle and senior management talents.

(III) Expected Sales Volume and Basis:

1. The Company has set targets to sell 76,332 tonnes of carbon steel pipe, 6,000 tonnes of stainless steel pipe, and 34,800 tonnes of stainless steel pipes in 2023.
2. Basis of Forecast

(1) Epidemic development

The COVID-19 threat has now been contained owing to increased vaccination on a global scale, and international trade resumed as borders re-opened in Europe and USA.

(2) Global economy

According to the “World Economic Outlook” published by IMF in October 2022: global economic activities for 2022 had declined more severely than previously expected, while inflation was at its highest in decades. Increased living cost now poses crisis on a global scale, whereas the tightening of money supply in many countries combined with Russia’s invasion of Ukraine and the aftermath of COVID-19 all have repercussions on the outlook of the economy. Growth rate of the global economy is expected to to fall from 6.0% in 2021 to 3.2% in 2022 and to 2.7% in 2023. Growth performance for 2023 will be one of the lowest since 2001, ranking just behind the global financial crisis and the lowest point of COVID-19.

(3) Taiwan economy

In light of worldwide inflation, tightened money supply, and weakened growth of the global economy, research institutions have uniformly revised downward

their forecasts for Taiwan’s economic growth, and taken a more conservative view about economic growth for the next year.
In November, the Directorate General of Budget, Accounting and Statistics, Executive Yuan, revised downward its forecast on Taiwan’s 2022 GDP growth by 0.7 percentage point from +3.76% to +3.06%, and at the same time revised downward its forecast on GDP growth in the following year (2023) from 3.05％ to 2.75％.

(4) Global steel demand
Given the high inflation, rising interest, and slowdown of China’s growth, the World Steel Association (WSA) mentioned in its latest forecast that global steel demand would decline by 2.3% this year (2022). WSA’s latest short-term (2022-2023) forecast on steel demand indicated that, after posting a 2.8% growth in 2021, global demand for steel may fall by 2.3% to 1,796.7 million tonnes in 2022 due to a number of factors including inflation, tightened money supply, loss of market confidence, reduced production activities of the steel industry, and slowdown in the growth of China’s economy. In 2023, however, demand for steel may expand by 1% to 1,814.7 million tonnes due to ongoing infrastructure projects in USA and China.

(5) China's steel demand
Crude steel production in Mainland China has been substantially reduced since July 2021 due to the nation’s strong carbon neutrality and energy reduction initiatives. According to statistics, China produced 861 million tonnes of crude steel between January and October 2022; with net steel exports amounting to 47.243 million tonnes and net imports of steel billet and ingot totaling 5.146 tonnes, apparent consumption of crude steel was calculated at 817 million tonnes, down 3.2% year-on-year. In 2023, demand for steel should remain comparable to the current year; exports are expected to reach 65 million tonnes while crude steel production is estimated at about 1.02 billion tonnes. Cost of raw materials should decrease year-on-year, and the price of steel materials is likely to start low and rise throughout the year.

(6) Taiwan’s steel demand
Taiwan’s steel demand for the next year: Demand for steel is typically the lowest in the first quarter, and the industry will focus on reducing the level of inventory on hand. Production activities usually pick up from the second quarter onwards, and the steel industry has a chance to make a U-turn and grow as long as downstream demand is present. Overall demand for steel in 2023 should be higher compared to 2022.

(7) In 2023, Taiwan will implement CNS verification and registration of hot-dip galvanized steel pipes
After years of cooperation and efforts in the industry, it finally obtained the announcement of Jing-Biao-San-Zi No. 11000042043 issued by the Bureau of Standards and Inspection of the Ministry of Economic Affairs on June 30, 2022. From January 1, 2023, all CNS 2606 / 4626 / 6445 hot-dip galvanized steel pipes with an outer diameter of less than 406.4mm (4 inches) must be subject to import and domestic production compulsory inspection, and obtained the verification registration certificate before import or delivered from the factory before they can be displayed and sold in the domestic market.
After the implementation of this announcement, CNS 2606/4626/6445 hot-dip galvanized wire conduits and pipes that have not been verified and registered will not be sold in the Taiwan market from January 1, 2023.

Taiwan’s domestic hot-dip galvanized carbon steel pipe will obtain a fair business environment in the domestic engineering construction market, which will contribute to the further improvement of the Company's business performance.

(8) Risk exists

Although the world is transitioning into the post-pandemic era, the business environment remains challenging with high inflationary pressure that is likely to be met with rising interest rate and tightened money supply from governments around the world. The trade conflict between China and the United States remains deadlocked; cost and technical challenges in the era of carbon reduction and green steel, and other important risk topics.

The above-mentioned risk development and the corresponding policies of various countries in the world are expected to impact the industrial business environment of the Company and have a far-reaching impact.

(IV) Key Production and Sales Policies:

(I) 1. Threat of COVID-19 is dissipating and gradually under control

As the threat of COVID-19 weakened, Europe and USA re-opened borders and even China eventually discontinued its strict disease control measures in early 2023. It is reasonable to expect further recovery of global economic activities in the future.

2. Strengthen inventory control, reduce costs, and improve operational efficiency.
3. Improve sales services, enhance customer satisfaction, and consolidate market share.
4. Actively acquire new customers and develop new products to expand market share.
5. Facilitate upstream and downstream mutually beneficial cooperation to ensure stable and adequate supply of raw materials.

IV. Future Development Strategies:

(I) Focus on technology: Continue to focus on the professional field of steel pipe manufacturing technology to maintain its leading position in the industry.

(II) Development of new products: Develop new products and new product applications to extend product lifecycles.

(III) Expand channels: Develop new domestic and overseas sales channels, expand market share, and spread sales risks.

(IV) Diversified operations: We will prudently carry out diversified operations in pursuit of a new path of growth.

V. Effect of External Competition, the Legal Environment, and the Overall Business Environment:

(I) Threat of COVID-19 is dissipating and gradually under control

As the threat of COVID-19 weakened, Europe and USA re-opened borders and even China eventually discontinued its strict disease control measures in early 2023. It is reasonable to expect further recovery of global economic activities in the future.

(II) International economic and trading integration been marginalized

As the integration of RCEPT regional economic cooperation has been completed and launched, the fact that Taiwan is excluded from such markets and has no breakthroughs, the tough barrier against product exports is unavoidable. Failure to join the Asia-Pacific Economic Cooperation has led to competitive disadvantages in the future, such as high tariffs imposed on domestic steel products. Together with non-tariff barriers, such as import verification in the export market of most countries, business activities that involve products made in and exported from Taiwan are affected continuously.

The Company pays great attention to the fact and the development strategy in recent years has focused on investment and construction of overseas production bases, and has been able to effectively cope with the adverse trend.

(III) The impact of China's steel industry on global steel prices

China's crude steel production volume is huge, and increasing exports will surely shake the global steel market. In 2023, if China can continue to adhere to its energy consumption dual control, carbon goal of peak carbon and carbon neutral, its crude steel production volume will be continuously reduced and the global steel price will be supported.

(IV) The trend of global steel overcapacity remains unchanged

Excess production capacity will become a common burden for the global steel industry in the long run, and may lead to the price volatility of raw materials, which may affect the market supply and market price of products. Unpredictable and rapid price changes in the industry will be normalized in the future, which will increase the uncertainties of the industry.

(V) The importance of carbon neutral is increasing

The United States, the European Union and China respectively declared that they take carbon neutral seriously, revealing the national goal for achieving zero emission, the trend of green steel, high cost steel and high price steel has been clear.

(VI) Anticipated Future of the Investment Environment

The decisions by European Central Bank and the U.S. Fed to raise interest rates drastically and consecutively over a short period of time in response to high inflationary pressure will present new challenges for business management.

Chapter 2. Company Profile

I. Company Profile

(I) Date of Establishment:

Founded on September 29, 1959, with a registered capital of NT$12 million.

(II) Company History:

1. October 1979
   The capital was NT$200 million after a number of changes.
2. August 1987
   Acquired the Youth-Shih Factory with a land area of 8,637 square meters.
3. October 1989
   Acquired of the Taipei office of 200 square meters, which is located at the former Formosa Plastic Building on Nanjing East Road, Taipei.
4. August 1990
   Approved by the Securities and Futures Bureau, Ministry of Finance, the capital was increased by NT$210 million and issued publicly, the paid-in capital was NT$410 million.
5. September 1991
   Approved by the Securities and Futures Bureau, Ministry of Finance, the capital was increased by NT$147.6 million, the paid-in capital was NT$557.6 million.
6. October 1992
   The capital increase application obtained approval from the Securities and Futures Bureau, Ministry of Finance, the paid-in capital after the capital increase was changed to NT$635,667,000.
7. February 1993
   The listing application of 55,760,000 ordinary shares was approved by Letter (1993) Tai-Cai-Zheng (1) No. 00270, dated February 4, 1993 issued by the Securities and Futures Bureau, Ministry of Finance and Letter Tai-Zheng-Shang-Zi (1993) No. 01749 dated February 10, 1993. The shares were listed for trading on April 27, 1993 (Saturday).
8. April 1993
   In addition, the Company issued 7,806,400 new shares with the unappropriated earnings at the end of the year, which was approved by Letter Tai-Zheng-Shang-Zi (1993) No. 06540 dated April 20, 1993 to be listed for trading along with the issued shares. The total issued capital was NT$635,664,000 and the number of issued share was 63,566,400 shares.
9. June 1993
   The capital increase application obtained approval from the Securities and Futures Bureau, Ministry of Finance, the paid-in capital after the capital increase was changed to NT$737,370,240.
10. August 1994
    The capital increase application obtained approval from the Securities and Futures Bureau, Ministry of Finance, the paid-in capital after the capital increase was changed to NT$884,844,290.
11. June 1995

The capital increase application obtained approval from the Securities and Futures Bureau, Ministry of Finance, the paid-in capital after the capital increase was changed to NT$1,026,419,370.

12. November 1995

Obtained certificates of the International Standard Quality Management System (ISO9002) from the Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs.

13. July 1996

The capital increase application obtained approval from the Securities and Futures Bureau, Ministry of Finance, the paid-in capital after the capital increase was changed to NT$1,170,118,080.

14. June 1998

Amended the Articles of Association, the number of Directors increased from 5 to 7, the number of Supervisors increased from 2 to 3.

15. April 2002

Registered the "cancellation of treasury shares, reduction of capital", the paid-in capital was changed to NT$1,132,728,080.

16. February - April 2004

The issuance of the first domestic unsecured convertible corporate bond amounted to NT$700 million was approved by Letter Tai-Cai-Zheng-Yi-Zi No. 0920161804 date February 19, 2004 issued by the Securities and Futures Bureau, Ministry of Finance. Date of issue: April 5, 2004 with an issue period of five years.

17. February 2005

The cash capital increase of 15,000,000 ordinary shares, amounted to NT$150,000,000, was approved by Letter Jin-Guan-Zheng-Yi-Zi No. 0940102649 dated February 3, 2005 issued by the Financial Supervisory Commission.

18. May 1005

The convertible corporate bonds were converted into ordinary shares, the capital was NT$1,375,888,860 after several changes.

19. June 2005

Cash capital increase by issuing ordinary shares, the capital was changed to NT$1,525,888,860.

20. November 2005

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT$1,475,888,860.

21. September 2006

Cash capital increase by issuing ordinary shares, the capital was changed to NT$1,623,477,740.

22. October 2006

The convertible corporate bonds were converted into ordinary shares, the capital was NT$1,623,834,880 after several changes.

23. June 2007

(1) The issuance of the second domestic unsecured convertible corporate bond amounted to NT$700 million was approved by Letter Tai-Cai-Zheng-Yi-Zi No. 0960028228 date

June 11, 2007 issued by the Financial Supervisory Commission. Date of issue: July 12, 2007 with an issue period of five years.

The cash capital increase of 18,000,000 ordinary shares, amounted to NT$180,000,000, was approved by Letter Jin-Guan-Zheng-Yi-Zi No. 09600282281 dated June 11, 2007 issued by the Financial Supervisory Commission.

24. August 2007

(1) Cash capital increase by issuing ordinary shares, the capital was changed to NT$1,803,834,880.

(2) Established the Wugu Branch.

25. November 2007

(1) The convertible corporate bonds were converted into ordinary shares, the capital was changed to NT$1,838,705,910.

(2) Merger with its wholly-owned subsidiary, Mei Kuan Metal Co., Ltd. The Company was the surviving company of the merger. There was no issuance or conversion of new shares. After the merger, the Company's paid-in capital remained unchanged.

26. April - November 2008

The convertible corporate bonds were converted into ordinary shares, the capital was changed to NT$1,941,551,680.

27. May 1009

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT$1,862,031,680.

28. August - November 2009

The convertible corporate bonds were converted into ordinary shares, the capital was changed to NT$2,054,134,840.

29. April - November 2010

The convertible corporate bonds were converted into ordinary shares, the capital was changed to NT$2,544,976,760.

30. March - May 1011

The convertible corporate bonds were converted into ordinary shares, the capital was changed to NT$2,551,232,410.

31. September 2011

Issuance of new shares through capital increase by earning, the capital was changed to NT$2,755,331,000.

32. September 2012

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT$2,655,331,000.

33. February 2013

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT$2,625,331,000.

34. July 2014

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT$2,595,331,000.

35. January 2015

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT$2,591,261,000.

36. June 2015

Amended the Articles of Association, the number of Directors increased from 7 to 9, established the Audit Committee comprising all Independent Directors to replace the Supervisors.

37. October 2015

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT$2,531,261,000.

38. February 2016

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT$2,471,261,000.

39. April 2016

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT$2,441,261,000.

40. May 1016

Registered the "cancellation of the Wugu branch".

41. July 2016

Registered the "amendments to the Articles of Association", "by-election of Directors and Supervisors", and "cancellation of treasury shares, reduction of capital", the capital was changed to NT$2,411,261,000.

42. November 2016

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT$2,371,261,000.

43. April 2017

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT$2,365,261,000.

44. October 2017

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT$2,335,261,000.

45. April 2018

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT$2,305,261,000.

46. January 2019

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT$2,245,261,000.

47. May 1019

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT$2,225,261,000.

48. June 2019

"Amended the Articles of Association", elected 9 Directors (including 3 Independent Directors) of the 21st Board of Directors.

49. July 2022

“Amended the Articles of Association”, revised the dividend policy.

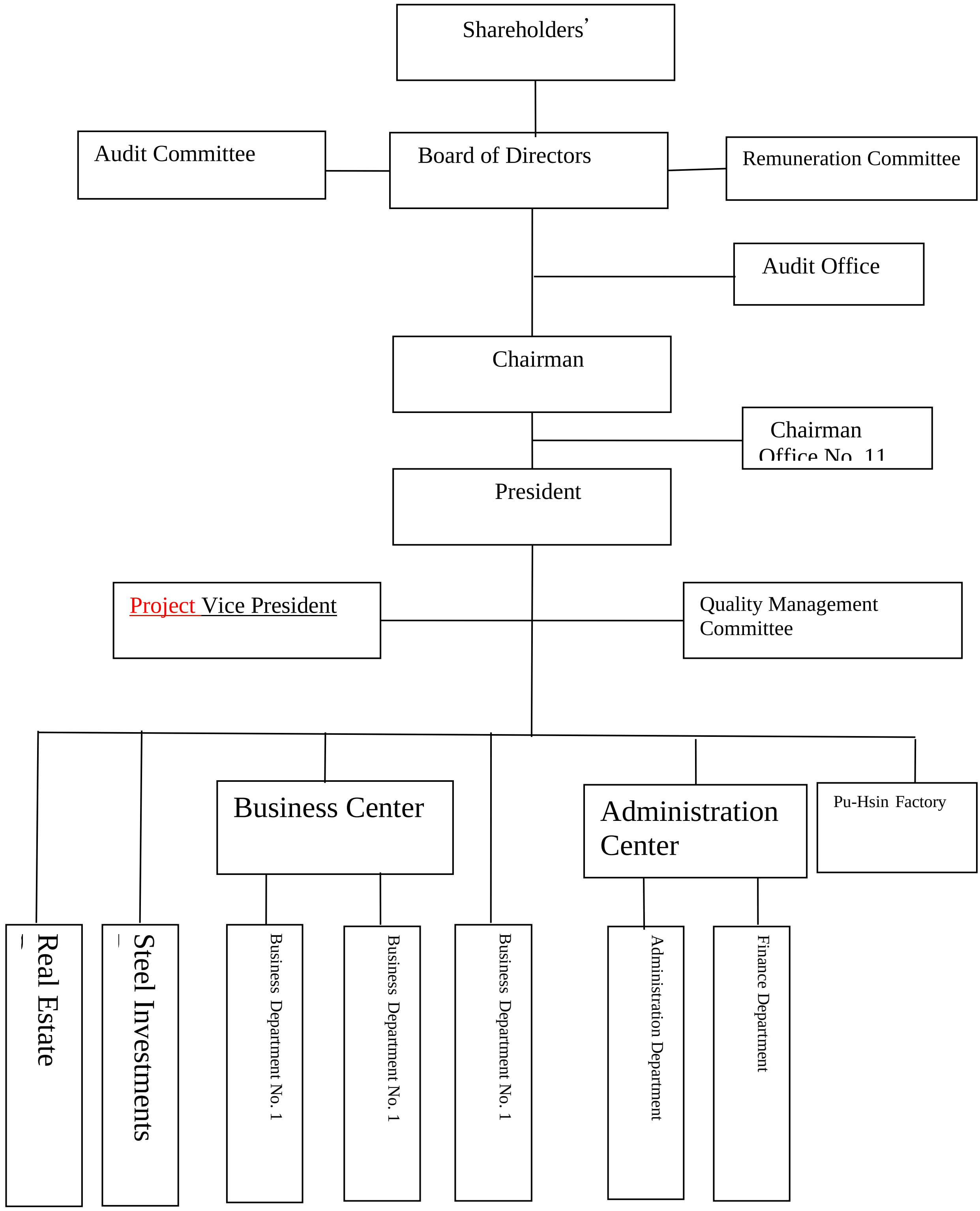
50.June 2022

Amendments to the Articles of Incorporation” and election of 9 directors (including 3 independent directors) for the 22nd board of directors.

Chapter 3. Corporate Governance Report

I. Organizational System

(I) Organizational Structure



(II) Business Operation of Key Department:

1. Pu-Hsin Factory
   (1) Handling of administrative affairs of all factories.
   (2) Negotiation of and entering into factory contracts.
   (3) Manufacturing business of steel pipes, steel plates, zinc, and other products.
   (4) Management of factory equipment, raw materials, semi-finished goods, work in progress, and finished goods.
   (5) Management of product quality.
   (6) Handling of affairs of relevant authorities.
   (7) Research and implementation of productivity-related matters.
   (8) New product development.
2. Business Department No. 1:
   (1) Domestic and overseas sales of carbon steel, water, and electricity pipes, and stainless steel pipes.
   (2) Sales of stainless steel pipe components.
   (3) Market survey, customer credit investigation and services.
   (4) New product development and recommendation.
   (5) Negotiation of and entering into business contracts.
3. Business Department No. 2:
   (1) Domestic and overseas sales of carbon steel pipes.
   (2) Market survey, customer credit investigation and services.
   (3) New product development and recommendation.
   (4) Negotiation of and entering into business contracts.
4. Business Department No. 3:
   (1) Domestic and overseas sales of stainless steel plates and carbon and stainless steel coils.
   (2) Market survey, customer credit investigation and services.
   (3) New product development and recommendation.
   (4) Negotiation of and entering into business contracts.
   (5) Production scheduling and raw material procurement for stainless steel coils.
5. Administration Department
   (1) Domestic and overseas procurement of raw materials and materials.
   (2) Sales of carbon steel coils and stainless steel coils.
   (3) Contact service of peers and relevant associations.
   (4) Negotiation of and entering into business contracts.
   (5) Contact, notice and record of meetings.
   (6) Handling of employee and general affairs.
   (7) Assisting in the review of cases submitted.
   (8) Document collection, management, announcement, and issuance of company-wide human resources and general affairs.
   (9) Document acceptance and issuance, and management of the Taipei office.
   (10) Salary distribution.
   (12) Review of and assistance with internal/external legal documents and events.

6. Finance Department

(1) Use of funds and custody of marketable securities.
(2) Accounting, cost, and tax-related affairs, and preparation of financial statements.
(3) Analysis and report of business operation.
(4) Annual budget preparation and effect analysis..
(5) Preparation of annual budget and analysis of cost and profit.
(6) Service, corporate governance and board meeting secretary.
(7) Execution and planning of cybersecurity management and digitalization tasks and improvement.

7. Audit Office
(1) Audit of sales and account receivables.
(2) Audit of production and quality management.
(3) Audit of financial accounting and financing.
(4) Audit of employee salaries.
(5) Audit of procurement and acquisition.
(6) Responsible for the audit of affiliated companies.
(7) Establishment and review of internal control system.

8. Steel Investments Department
(1) Preparation and presentation of feasibility analysis on steel investment projects.
(2) Overall planning, execution, and evaluation of domestic and foreign steel investments.
(3) Post-investment management for business investments.

9. Real Estate Department
(1) Responsible for land acquisition, land development, and related matters.
(2) Responsible for matters concerning construction, joint construction, and sale of properties

10. Quality Management Committee
Composition, rules, and duties are stipulated separately.

II. Information on the Directors, President, Vice President, Assistant Managers, and the Supervisors of each Division and Branch:

(I) Director: **Director Information (I)** April 9, 2023

Title (Note 1)	Nationality or Place of Registration	Name	Gender / Age	Date Elected	Term	Date of First Election (Note 2)	Shareholding when Elected		Currently Held Shareholding		Spouse & Minor Shareholding		Shareholding in the Names of Others		Key Working Experiences and Education (Note 3)	Other Positions Held in the Company and Other Companies	Executives, Directors or Supervisors who are Spouses or Within the Second Degree of Kinship			Remarks (Note 4)
							Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %			Title	Name	Relationship	
Director	ROC	Yuan Chuan Steel Corporation		2022.6.14	3 years	2004.6.23	36,962,353	16.46	36,962,353	16.61	0	0.00	0	0						
	ROC	Representative: Chun-Fa Huang	Male 66	2022.6.14	3 years	2001.6.23	0	0.00	0	0.00	0	0.00	0	0.00	Bachelor of International Trade, Hsing Wu University	Chairman, Mayer Steel Pipe Corporation Chairman, Meikung Development Co., Ltd. Director, Vietnam Mayer Corp., Ltd. Chairman, Durban Development Co., Ltd. Chairman, Tze Shin International Co., Ltd. Chairman, Sincere Department Store Co., Ltd. Chairman, Miramar Resort Co., Ltd. Director, Hotel Taipei Miramar Director, Yuan Chuan Steel Corporation Chairman, Taiwan SangYong Co., Ltd. Chairman, Tehsien Co., Ltd. Chairman, Mayer Inn Corporation Chairman, Tening Co., Ltd Director, Taiwan Navigator Asset Investment Co., Ltd. Director, Miramar Development (HK) Limited Supervisor, Tewei Investment Co., Ltd	Director Director Director	Chun-Chao Huang Hsiu-Mei Huang Yung-Chieh Huang	Siblings Sister and brother Father and son	

Title (Note 1)	Nationality or Place of Registration	Name	Gender / Age	Date Elected	Term	Date of First Election (Note 2)	Shareholding when Elected		Currently Held Shareholding		Spouse & Minor Shareholding		Shareholding in the Names of Others		Key Working Experiences and Education (Note 3)	Other Positions Held in the Company and Other Companies	Executives, Directors or Supervisors who are Spouses or Within the Second Degree of Kinship			Remarks (Note 4)
							Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %			Title	Name	Relationship	
																Chairman, Yingshun Construction Co., Ltd. Director, Singleton Pharma Logistics Co. Ltd. Supervisor, Meiwei Investment Co., Ltd.				
	ROC	Representative: Huang Hsiu-Mei	Female 69	2022.6.14	3 years	2007.6.25	0	0.00	0	0.00	0	0.00	0	0.00	Thunderbird American Graduate School of International Management	Director, Mayer Steel Pipe Corporation Supervisor, Hotel Taipei Miramar Director, Miramar Resort Co., Ltd. Chairman, Tewei Investment Co., Ltd Supervisor, Durban Information Co., Ltd. Supervisor, Yingshun Construction Co., Ltd.	Chairman Director	Chun-Fa Huang Chun-Chao Huang	Sister and younger brother Sister and younger brother	
	ROC	Representative: Chun-Chao Huang	Male 62	2022.6.14	3 years	2007.6.25	0	0.00	0	0.00	0	0.00	0	0.00	EMBA of Taiwan university	Director, Mayer Steel Pipe Corporation Director, Hotel Taipei Miramar Director, Tze Shin International Co., Ltd. Supervisor, Durban Development Co., Ltd. Supervisor, Meikung Development Co., Ltd. Supervisor, Yuan Chuan Steel Corporation Director, Miramar Hotel Co., Ltd. Director, Tehsien Co., Ltd Supervisor, Miramar Resort Co., Ltd. Director, Durban Information Co., Ltd. chairman, YU HONG Investment Co., Ltd Director, Tewei Investment Co., Ltd	Chairman Director	Chun-Fa Huang Hsiu-Mei Huang	elder brother elder Sister	

Title (Note 1)	Nationality or Place of Registration	Name	Gender / Age	Date Elected	Term	Date of First Election (Note 2)	Shareholding when Elected		Currently Held Shareholding		Spouse & Minor Shareholding		Shareholding in the Names of Others		Key Working Experiences and Education (Note 3)	Other Positions Held in the Company and Other Companies	Executives, Directors or Supervisors who are Spouses or Within the Second Degree of Kinship			Remarks (Note 4)
							Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %			Title	Name	Relationship	
																Director, JUN AN Information Co., Ltd				
Director	ROC	Representative: Yung-Chieh Huang	Male 42	2022.6.14	3 years	2013.6.19	0	0.00	0	0.00	0	0.00	0	0.00	Department of Journalism Shih Hsin University	Director, Mayer Steel Pipe Corporation Chairman, Durban Dive Corporation Director, Sincere Department Store, Co., Ltd. Director, Durban Development Co., Ltd. Supervisor, Miramar Hotel Co., Ltd. Director, Meikung Development Co., Ltd. Director, Tehsien Co., Ltd	Chairman	Chun-Fa Huang	Father and son	
Director	ROC	Chengta International Investment Co., Ltd.		2022.6.14	3 years	2010.6.25	211,000	0.09	211,000	0.09	0	0.00	0	0.00						

Title (Note 1)	Nationality or Place of Registration	Name	Gender / Age	Date Elected	Term	Date of First Election (Note 2)	Shareholding when Elected		Currently Held Shareholding		Spouse & Minor Shareholding		Shareholding in the Names of Others		Key Working Experiences and Education (Note 3)	Other Positions Held in the Company and Other Companies	Executives, Directors or Supervisors who are Spouses or Within the Second Degree of Kinship			Remarks (Note 4)
							Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %			Title	Name	Relationship	
Director	ROC	Representative: Ta-Teng Cheng	Male 71	2022.6.14	3 years	1995.5.2	0	0.00	0	0.00	0	0.00	0	0.00	MBA, University of Santa Clara	Director of Mayer Steel Pipe Corporation, Director of Glory Word Development Ltd., Director of Vietnam Mayer Corp., Ltd., Director of Sinowise Development Ltd., Director of Elternal Galaxy Ltd., Director of Grace Capital Group Ltd., Chairman of Yuanta Investment Co., Ltd., Director of Hsienta Investment Co., Ltd.	Director	Yung-Fen Lin	Brother-In-Law	
	ROC	Representative: Yung-Fen Lin	Male 66	2022.6.14	3 years	2019.3.14	436	0.00	636	0.00	0	0.00	0	0.00	Master of Law at National Taipei University, President of Tainan District Court, Judge of Kaohsiung High Administrative Court	Director, Mayer Steel Pipe Corporation	Director	Ta-Teng Cheng	Brother-in-law	
	ROC	Huang-Chi Liu	Male 51	2022.6.14	3 years	2016.6.21	0	0.00	0	0.00	3,000	0.00	0	0.00	Judge and Chief Judge of the Taipei District Court, Reserve Judge of Taiwan High Court, Director of Chenwei Electronics Co., Ltd., Director of United Fiber Optic Communication Inc., Director of Eastern Hotels & Resorts Co., Ltd., Independent Director of CTBC Insurance Co., Ltd., Independent Director of Taiwan Life Taiwan Life Insurance Co., Ltd.	Lawyer of Tsocheng Law Firm, Supervisor of SunEast Engineering & Development Co., Taiwan, Director of Lian Teh Industrial Development Foundation, Director of Longbon Inc., Director of Shengcheng Co., Ltd. Director of ETtoday.net, Director of Eastern Home Shopping & Leisure Co., Ltd, Director of Eastern Commerce Co., Ltd., Independent Director, Mayer Steel Pipe Corporation	None	None	None	

Title (Note 1)	Nationality or Place of Registration	Name	Gender / Age	Date Elected	Term	Date of First Election (Note 2)	Shareholding when Elected		Currently Held Shareholding		Spouse & Minor Shareholding		Shareholding in the Names of Others		Key Working Experiences and Education (Note 3)	Other Positions Held in the Company and Other Companies	Executives, Directors or Supervisors who are Spouses or Within the Second Degree of Kinship			Remarks (Note 4)
							Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %			Title	Name	Relationship	
Independent Directo	ROC	Chih-Wei Chang	Male 56	2022.6.14	3years	2022.6.14	0	0.00	0	0.00	0	0.00	0	0.00	Case Western Reserve University (master of science) Director of Kang Jun Investment Ltd.; General Manager of Global Technology Services, IBM Taiwan; Director & Executive Vice President of Wistron Information Technology & Services Corporation; Supervisor of UVAT Technology Co., Ltd.,; Adjunct Associate Professor of Providence University	Chairman of Kang Jun Investment Ltd.; Independent Director of Mayer Steel Pipe Corp.	None	None	None	
	Roc	Rui-Hsiang Huang	Male 62	2022.6.14 (Resigned 2022.7.21)	3 years	2022.6.14	0	0.00	0	0.00	0	0.00	0	0.00	Postgraduate Study of Accounting, National Chengchi University Independent Director of Allis Electric Co., Ltd.; Independent Director of Waterland Securities Co., Ltd.; Independent Director of Tze Shin International Co., Ltd.; Supervisor of Faspro Systems Co., Ltd.; Supervisor of CSSP Inc.; Director of Sun Starts Enterprise Co., Ltd.; General Manager of Feida Business Consultancy Co., Ltd.	Independent Director of Allis Electric Co., Ltd.; Independent Director of Waterland Securities Co., Ltd.; Independent Director of Tze Shin International Co., Ltd.; General Manager of Feida Business Consultancy Co., Ltd.; Independent Director of Mayer Steel Pipe Corp.	None	None	None	

Note 1: The corporate shareholder shall be identified by name and representative (in the case of a corporate representative, please specify the corporate shareholder's name) and also complete the following Table 1.

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

Note 3: Refers to experiences related to the current post. If the officer once assumed a post in a CPA Office or an affiliate of the Company, please specify the job title and responsibilities.

Note 4: Where the Chairman and the President or person of an equivalent position (the highest level of management) of the Company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (for example, increase the number of Independent Directors, and there shall be more than half of the directors who do not concurrently serve as employees or managers).

Table 1: Major Shareholders of the Corporate Shareholders

April 9, 2023

Name of institutional shareholder	Major Shareholders of the Corporate Shareholders
Yuan Chuan Steel Corporation	Hotel Taipei Miramar (81.43%), Tze Shin International Co., Ltd. (18.57%)
Chengta International Investment Co., Ltd.	Fei-Hung Chen (89%) and Ta-Teng Cheng (1%)

Note 1: For a Director or Supervisor who acts as a corporate shareholder's representative, please specify the corporate shareholder's name.

Note 2: Please specify names of the major shareholders of the given corporate shareholder (top ten shareholders) and the ratio of shareholding. Where the major shareholder is a corporation, please complete the following Table 2.

Note 3: If the legal person shareholder is not organized as a company, the "names of shareholders" and the "ratio of shareholding" in the preceding paragraph shall be "names of funders or donors" and the "ratio of fund or donation".

Table 2: Major Shareholders of Major Corporate Shareholder in Table 1

April 9, 2023

Name of institutional	Major shareholders
Hotel Taipei Miramar	Tewei Investment Co., Ltd(46.97%), Chun-Chao Huang (13.43%), I-Yun Hung (16.43%), Hsiu-Mei Huang (11.59%), Kai-sheng Huang(2.88%), Kai-xin Huang (1.77%), MEI- FANG LU (1.62%), ZHENG- YUAN LI (1.62%), Yung-Chieh Huang (1.56%), CHENG WEI LI (1.41%)
Tze Shin International Co., Ltd.	Wellarti International Co., Ltd. (23.17%), Yuan Chuan Steel Corporation (7.94%), Durban Development Co. Ltd. (3.41%),Mayer Steel Pipe Corporation (3.12%),Hotel Taipei Miramar (2.73%),YI -KAI LIAO (1.14%), YING FU CHANG (0.92%) , Hsiu-Feng Wu (0.73%), CHIANG -CHI CHANG (0.53%), WEN- JI LEI (0.35%)

Note 1: The names of the major corporate shareholders referred to in Table 1, if any, shall be specified.

Note 2: Please specify names of the major shareholders of the given shareholder (top ten shareholders) and the ratio of shareholding.

Note 3: If the legal person shareholder is not organized as a company, the "names of shareholders" and the "ratio of shareholding" in the preceding paragraph shall be "names of funders or donors" and the "ratio of fund or donation".

Information on Directors (II)

Diversified Core / Director's Name (All Directors Note 1) (Independent Director Note 2)	Basic composition							Industry experience						Professional ability		
	Nationality Nationality	Gender	Age			Independent Director Tenure Years		Steel industry	Real Estate Investmentdevelopment	Hotel and Leisure Industry	financial and banking	Transportation	business and marketing	legal	accounting	risk management
			40~50 years	51~65 years	66~75 years	Less than three years	6~9 years									
Yuan Chuan Steel Corporation Representative: Chun-Fa Huang	ROC	Male			V			V	V	V	V	V	V			V
Yuan Chuan Steel Corporation Representative: Hsiu-Mei Huang	ROC	Female			V			V	V	V			V			V
Yuan Chuan Steel Corporation Representative: Chun-Chao Huang	ROC	Male		V				V	V	V		V	V			V

Yuan Chuan Steel Corporation Representative: Yung-Chieh Huang	ROC	Male	V						V	V	V		V			V
Chengta International Investment Co., Ltd. Representative: Ta-Teng Cheng	ROC	Male			V			V			V		V		V	V
Chengta International Investment Co., Ltd. Representative: Yung-Fen Lin	ROC	Male			V									V		V
Huang-Chi Liu Independent Director	ROC	Male		V		V	V	V			V			V		V
Chih-Wei Chang Independent Director	ROC	Male		V		V		V	V		V					V
Rui-Hsiang Huang (resigned 2022.7.21) Independent Director	ROC	Male		V		V			V		V	V	V		V	V

Note 1: None of the directors has any of the conditions specified in Article 30 of the Company Law.

Note 2: All independent directors comply with the provisions of paragraphs 5-8, item 1, Article 3 of the measures for the establishment and compliance of independent directors of public company.

The Company has formulated the “Code of Corporate Governance", which stipulates that the composition of the Board of Directors should be diversify. In addition to the fact that the number of directors serving as the Company's manager should not exceed one-third of the total directors, the Company should formulate appropriate diversity policies according to its own operation, operation pattern and development needs, which should include but not limited to the following two standards:

I. Basic conditions and values: gender, age, nationality and culture.

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

Members of the Board of Directors shall possess the knowledge, skills and qualities necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the Board of Directors should have the following capabilities:

I. Operational judgment ability.

II. Accounting and financial analysis ability.

III. Operating ability.

IV. crisis management ability.

V. Industrial knowledge.

VI. International market view.

VII. Leadership.

VIII. Decision-making ability.

The board of directors passed the establishment of "Corporate Governance Code of Conduct" during the meeting held on November 11, 2021, and the diversity guidelines have been mentioned in Chapter 3 - "Enhancement of Board Function." Furthermore, it is stated in the Articles of Incorporation that directors (including independent directors) are to be elected using the candidate nomination system; When nominating and selecting directors (including independent directors), the Company takes into account not only the professional background of the directors, but also the diversity of members. The Company also pays attention to gender equality in the composition of board members and maintains at least one female director. Currently, there are 9 directors (including 3 independent directors), among which 1 director is female. resigned from duty on July 21, 2022 due to personal reasons, and a by-election will be held during the 2023 shareholder meeting to make up the shortfall), and one of whom is female. Amongst the directors currently in active duty, one of whom is below 50 years of age, three of whom are between 51 and 65 years of age, and four of whom are 66 and above. None of the existing independent directors has served more than 3 consecutive terms. The professional background of the members of the board of directors covers law, finance, science and technology and operation and management. They have diversified practice of production, learning and knowledge, can analyze problems from other angles and provide their professional opinions, which is of great help to the Company's business planning, management efficiency and decision-making. And appointed Chih-Ling Chen, CPA of Joint Accountant at Nexia International Limited, Huang-Chi Liu, Attorney-in-Chief of Zuo Cheng Law Firm, and Chih-Wei Chang, former General Manager of Global Technology Services, IBM Taiwan, were elected as independent directors; the two of them contribute expertise from industrial, legal, and academic perspectives. The current achievements are as follows:

Diversity goal	Achievement in 2022
1. At least 50% experience in steel industry.	Achieved
2. At least 50% experience in construction industry.	Achieved
3. At least 2 directors have experience in other industries other than those mentioned above.	Achieved
4. Include at least one female director.	Achieved

(II) President, Vice President, Assistant Managers, and the Supervisors of each Division and Branch:

Information on the President, Vice President, Assistant Managers, and the Supervisors of each Division and Branch April 9, 2023

Title (Note 1)	Nationality	Name	Gender	Date taking office	Share Holdings		Spouse & Minor Minor Shareholding		Shareholding in the Names of Others		Key Working Experiences and Education (Note 2)	Other Position	Managers who are Spouses or Within the second degree of Kinship			Remarks (Note 3)
					Number of Shares	Ratio of Shareholding	Number of Shares	Ratio of Shareholding	Number of Shares	Ratio of Shareholding			Title	Name	Relationship	
President	ROC	Min-Chih Hsiao	Male	2018.2.7	0	0.00%	0	0.00%	0	0.00%	Department of Accounting, Tunghai University	Director, Meikung Development Co., Ltd. Director, Grand Tech Precision Manufacturing (Thailand) Co., Ltd. Independent Director, Universal Vision Biotechnology Co., Ltd. Supervisor, Mayer Inn Corporation Director,	None	None	None	
Vice President	ROC	Lung-Chi, Wu	Male	1996.1.1(Retired 2022.9.30)	0	0.00%	0	0.00%	0	0.00%	Corporate Management Department, Chengchi University	Director, hung Mao Trading Co.	None	None	None	
Vice President	ROC	Chen-Chang Huang	Male	2014.1.1	0	0.00%	0	0.00%	0	0.00%	Department of Electrical Engineering, Chien Hsin University of Science	Director, Grand Tech Precision Manufacturing (Thailand) Co., Ltd. Director,	None	None	None	

											and Technology	Vietnam Mayer Corp., Ltd.				
Business Assistant Manager	ROC	Jen-Chin Chiang	Male	2018.11.1	0	0.00%	0	0.00%	0	0.00%	Corporate Management Department, Tamkang University	Director, Kanglien International Investment Development Co., Ltd. Director, Ningbo Huayang Aluminum Technology Co., Ltd.	None	None	None	
Assistant VP	ROC	Yu-Chi Huang	Male	2019.9.1	7,448	0.00%	0	0.00%	0	0.00%	Department of Industrial Engineering, Tunghai University	Supervisor, Mei Yi Construction Co., Ltd.	None	None	None	
Internal Audit Office Manager	ROC	Gaojiabu	Male	July 31, 2022	0	0.00%	0	0.00%	0	0.00%	Department of Accounting, I-Shou University	None	None	None	None	

Note 1: It shall include the information on the President, Vice President, Assistant Managers, and the Supervisors of each division and branch; any position equivalent to the President, Vice President, Assistant Managers, regardless of job title, shall also be disclosed.

Note 2: For the experience related to holding the current position, if one has worked in the CPA firm conducting the auditing and attesting business or related company, he/she shall state the job title and responsible position. Assistant vice president, regardless of job title, should also be disclosed.

Note 3: Where the Chairman and the President or person of an equivalent post (the highest level of management) are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (for example, increase the number of independent directors, and there shall be more than half of the directors who do not concurrently serve as employees or managers).

(III) Where the Chairman and the President or person of an equivalent post (the highest level of management) are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto:

None.

III. Remuneration Paid During the Most Recent Fiscal Year to Directors, President, and Vice President:

(I) Remuneration of Directors, Independent Directors, Supervisors, President, and Deputy General Manger:

(II) If any of the following applies to the Company, the name of the Director or Supervisor involved and the remuneration paid to him/her shall be disclosed. For the remaining Directors or Supervisors, the Company may opt to either disclose information in aggregate remuneration with their names indicated in each numerical range or disclose their names and method of remuneration individually (If the latter is chosen, please fill their positions, names and remuneration amounts individually. The Company shall not need to fill the Table of Remuneration Levels):

1. Where it was a loss after tax in the parent company only or individual financial statements in the last three years, the name and remuneration of individual "Directors and Supervisors" shall be disclosed; provided that it is net income after tax in the parent company only or individual financial statements in the most recent year, and the said net income is sufficient to make up for the accumulated losses.
2. For directors whose shareholding percentages have been insufficient for three or more consecutive months during the most recent fiscal year, the Company shall disclose the remuneration of individual directors. For Supervisors whose shareholding percentages have been insufficient for three (3) or more consecutive months during the most recent fiscal year, the Company shall disclose the remuneration of individual supervisors.
3. For an average ratio of shares pledged by directors or supervisors that exceeds 50% in any three months during the most recent fiscal year, the Company shall disclose the remuneration paid to each individual director or supervisor who owns a ratio of shares pledged that exceeds 50% for each of these three months.
4. If the total amount of remuneration received by all the Directors and Supervisors from all the companies listed in its financial statements exceeds two percent of its net income after taxes, and the amount of remuneration received by any individual director or supervisor

   exceeds NT$15 million, the Company shall disclose the amount of remuneration paid to individual directors or supervisors. (Description: The remuneration of Directors and Supervisors is calculated based on "Remuneration of Directors" plus "Remuneration of Supervisors" as in the Appendix without including the relevant remuneration received as concurrent employees.)
5. Any result of evaluation made on corporate governance in the most recent year is in the last level, or any trading method changes, any

trading or marketing stops, or any evaluation is rejected by the Corporate Governance Evaluation Committee in the most recent year and up to the date of publication of the Annual Report as a listed company.

6. The average annual salary of a full-time employee of a listed company who does not hold a managerial position in the most recent year has not reached NT$500,000.

Remuneration to Directors and Independent Directors (names and remuneration thereof to be disclosed individually)

Unit: NT$ thousands

Title	Name	Director Remuneration								Total Amount (A+B+C+D) to Net Profit After Tax Ratio (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees								Total Amount (A+B+C+D+E+F+G) to Net Profit After Tax Ratio (Note 10)		Remuneration Received from an Invested Company other than the Company's subsidiaries or Parent Company (Note 11)
		Salary (A) (Note 2)		Pension (B)		Directors' Compensation (C) (Note 3)		Business Expenses (D)(Note 4)				Salaries, Bonus and Special Allowances (E) (Note 5)		Pension (F)		Employees' Compensation (G) (Note 6)						
		The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company		All Companies in the Financial Report (Note 7)		The Company	All Companies in the Financial Report	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
	Yuan Chuan Steel Corporation	0	0	0	0	7,714	7,714	0	0	2.89	2.89	0	0	0	0	0	0	0	0	2.89	2.89	None
Chairman	Representative: Chun-Fa Huang	1,800	1,800	0	0	0	0	160	160	0.74	0.74	0	0	0	0	0	0	0	0	0.74	0.74	2,913
Director	Representative: Hsiu-Mei Huang	0	0	0	0	0	0	180	180	0.07	0.07	0	0	0	0	0	0	0	0	0.07	0.07	0
Director	Representative: Chun-Chao Huang	0	0	0	0	0	0	180	180	0.07	0.07	0	0	0	0	0	0	0	0	0.07	0.07	240
Director	Representative: Yung-Chieh Huang	0	0	0	0	0	0	180	180	0.07	0.07	0	0	0	0	0	0	0	0	0.07	0.07	300
	Chengta International	0	0	0	0	3,086	3,086	0	0	1.16	1.16	0	0	0	0	0	0	0	0	1.16	1.16	None

Title	Name	Director Remuneration								Total Amount (A+B+C+D) to Net Profit After Tax Ratio (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees								Total Amount (A+B+C+D+E+F+G) to Net Profit After Tax Ratio (Note 10)		Remuneration Received from an Invested Company other than the Company's subsidiaries or Parent Company (Note 11)
		Salary (A) (Note 2)		Pension (B)		Directors' Compensation (C) (Note 3)		Business Expenses (D)(Note 4)				Salaries, Bonus and Special Allowances (E) (Note 5)		Pension (F)		Employees' Compensation (G) (Note 6)						
		The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company		All Companies in the Financial Report (Note 7)		The Company	All Companies in the Financial Report	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
	Investment Co., Ltd.																					
Director	Representative: Ta-Teng Cheng	1,080	1,080	0	0	0	0	180	180	0.47	0.47	0	0	0	0	0	0	0	0	0.47	0.47	None
Director	Representative: Yung-Fen Lin	0	0	0	0	0	0	180	180	0.07	0.07	0	0	0	0	0	0	0	0	0.07	0.07	None
Independent Director	Chih-Ling Chen (former member; re-elected 2022/06/14)	328	328	0	0	0	0	80	80	0.15	0.15	0	0	0	0	0	0	0	0	0.15	0.15	None
Independent Director	Ching-Chuan Lo (former member; re-elected 2022/06/14)	328	328	0	0	0	0	80	80	0.15	0.15	0	0	0	0	0	0	0	0	0.15	0.15	None
Independent Director	Huang-Chi Liu	720	720	0	0	0	0	180	180	0.34	0.34	0	0	0	0	0	0	0	0	0.34	0.34	None
Independent Director	Chih-Wei Chang (new member; re-elected 2022/06/14)	394	394	0	0	0	0	100	100	0.19	0.19	0	0	0	0	0	0	0	0	0.19	0.19	None
Independent Director	Rui-Hsiang Huang (new member; re-elected 2022/06/14 and resigned on 2022/07/21)	76	76	0	0	0	0	20	20	0.04	0.04	0	0	0	0	0	0	0	0	0.04	0.04	None

Note 1: Directors' names shall be identified one by one (corporate shareholders shall be identified by the corporate shareholder's name and representative individually), and shall list the general Directors and Independent Directors separately and disclose the amount of various payments in summary. If a Director also serves as a President or Vice President, this form and form (3-1) below or form (3-2-1) and (3-2-2) below should be filled.

Note 2: The remuneration to Directors in the most recent year (including Director's salary, duty allowance, severance pay, bonus and reward, etc.).

Note 3: Fill in the compensation distributed to the Directors approved by the Board of Directors in the most recent year.

Note 4: The Directors' professional practicing fees in the most recent year (including transportation allowance, special allowance, various subsidies, and provision of such tangible objects as dormitory and car, etc.). If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please disclose the salary paid to the driver in a note, which shall be excluded from the remuneration. The salary of the Company's Directors with a driver was approximately NT$816,000.

Note 5: It means the salary, duty allowance, severance pay, bonus, reward, transportation allowance, special allowance, various allowances, and provision of such tangible objects as dormitory and car received by the Directors who acted as employees concurrently (including President and Vice President, manager and employee) in the most recent year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please disclose the salary paid to the driver in a note, which shall be excluded from the remuneration. Any salary listed under IFRS 2 Share-Based Payment, including employee stock options, new restricted employee shares, and cash capital increase by stock subscription, shall also be included in remuneration.

Note 6: If the Directors who acted as employees concurrently (including President and Vice President, manager and employee) received employee bonus (including stock dividend and cash dividend) in the most recent year, please disclose the employee bonus approved by the Board of Directors prior to the motion for allocation of earnings submitted to the shareholders' meeting in the most recent year. If it is impossible to impute the same, the amount to be allocated this year shall be based on that allocated physically last year, and please also fill in Appendix I-III.

Note 7: The aggregate of the remuneration to Directors of the Company from the companies included in the consolidated financial reports (including the Company) should be disclosed.

Note 8: The aggregate of the remuneration to each Director by the Company shall include the Director's name disclosed in the relevant space of the following table.

Note 9: The aggregate of the remuneration paid to each of the Company's Directors by the companies included into the consolidated financial reports (including the Company) shall include the Director's name disclosed in the relevant space of the following table.

Note 10: The earnings after tax shall refer to the earnings after tax identified in the entity or individual financial statement for the most recent year.

Note 11: a. To specify whether the Company's Directors have received remuneration from investees other than the subsidiaries (If there is none, please fill in "none").

b. If the Company's Directors have received remuneration from investees other than the subsidiaries, please include the same into Section I in the Table of Remuneration Levels and changed the name of the section into "Parent Company and All Investees".

c. The remuneration refers to the salary, compensation, employee bonus and professional practicing fees received by the Company's Directors who acted as the Directors, Supervisors or managers of investees other than subsidiaries.

* The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation purpose.

Supervisor Remuneration

As the Company established the Audit Committee to replace the Supervisors on June 21, 2016, the compensation for Supervisors is not disclosed.

Remuneration to President and Vice President (individual disclosure of compensation by name and amount)

Unit: NT$ thousands

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonus and Special Allowances (C) (Note 3)		mployees' Compensation (D) (Note 4)				Total Amount (A+B+C+D) to Net Profit After Tax Ratio (Note 8)		Remuneration from Investees other than the Subsidiaries or the Parent Company (Note 9)
		The Company	All Companies in the Financial Report (Note 5)	The Company	All Companies in the Financial Report (Note 5)	The Company	All Companies in the Financial Report (Note 5)	The Company		All Companies in the Financial Report (Note 5)		The Company	All Companies in the Financial Report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Min-Chih Hsiao	4,291	4,291	370	370	777	777	3,459	0	3,459	0	3.34	3.34	1,572
Vice President	Lung-Chi, Wu(Retired 2022.9.30)	1,133	1,133	237	237	201	201	0	0	0	0	0.59	0.59	0
Vice President	Chen-Chang Huang	1,630	1,630	108	108	392	392	1,645	0	1,645	0	1.42	1.42	1,477

Any positions correspondent to the President and Vice President (e.g. President, CEO or Director, et al.) shall be disclosed, irrelevant with job titles.

Table of Remuneration Levels (not required if individual disclosures have been made)

Remuneration Levels of Remuneration Paid to the Company's President and Vice President	Name of President and Vice President	
	The Company (Note 6)	Parent Company and All Investees (Note 7) E
Under NT$1,000,000	-	-

NT$1,000,000 (inclusive) ~ NT$2,000,000	-	-
NT$2,000,000 (inclusive) ~ NT$3,500,000	-	-
NT$3,500,000 (inclusive) ~ NT$5,000,000	-	-
NT$5,000,000 (inclusive) ~ NT$10,000,000	-	-
NT$10,000,000 (inclusive) ~ NT$15,000,000	-	-
NT$15,000,000 (inclusive) ~ NT$30,000,000	-	-
NT$30,000,00 (inclusive) ~ NT$50,000,000	-	-
NT$50,000,00 (inclusive) ~ NT$100,000,000	-	-
Over NT$100,000,000	-	-
Total	-	-

Note 1: The name of the President and Vice President shall be identified specifically, and the various payments shall be summarized and then disclosed. If a director also serves as a President or Vice President, this form and the above form (1-1), or (1-2-1) and (1-2-2) should be filled.

Note 2: Please specify the salary, duty allowance and severance paid to the President and Vice President in the most recent year.

Note 3: Please specify the bonus, reward, transportation allowance, special allowance, various allowances, and provision of such tangible objects as dormitory and car, as well as other remunerations, received by the President and Vice President in the most recent year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please disclose the salary paid to the driver in a note, which shall be excluded from the remuneration. Any salary listed under IFRS 2 Share-Based Payment, including employee stock options, new restricted employee shares, and cash capital increase by stock subscription, shall also be included in remuneration. The salary paid to managers with a driver is NT$719,000.

Note 4: Please specify the employee bonus (including stocks and cash). to be allocated to the presidents and vice presidents as approved by the Board of Directors prior to the motion for allocation of earnings submitted to the shareholders' meeting in the most recent year. If it is impossible to impute the same, the amount to be allocated this year shall be based on that allocated physically last year, and please also fill in Appendix I-III.

Note 5: Please disclose the aggregate of the remuneration paid to the Company's President and Vice President by all companies included into the consolidated financial reports (including the Company).

Note 6: The aggregate of the remuneration to each President or Vice President by the Company shall include the President's or Vice President's name disclosed in the relevant space of the following table.

Note 7: The aggregate of the remuneration paid to each of the Company's President and Vice President by the companies included into the consolidated financial reports (including the Company) shall include the President's and Vice President's names disclosed in the relevant space of the following table.

Note 8: The earnings after tax shall refer to the earnings after tax identified in the parent company only or individual financial statement for the most recent year.

Note 9: a. To specify whether the Company's President and Vice President have received remuneration from investees beyond subsidiaries (If there is none, please fill in "none").

b. If the Company's President and Vice President have received remuneration from investees beyond subsidiaries, please include the same into Section E in the Table of Remuneration Levels and changed the name of the section into "Parent Company and All Investees".

c. The remuneration refers to the salary, compensation, employee bonus and professional practicing fees received by the Company's President and Vice President who acted as the Directors, Supervisors or managerial officers of investees other than subsidiaries.

* The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation purpose.

(III). If any of the foregoing events 1 or 5 occurs to a listed company, the remuneration information of the five highest paid individuals (such as President, Vice President, Chief Executive Officer, or Chief Financial Officer) shall be disclosed separately.

There is any of the foregoing events 1 or 5 occurs to the Company.

(4-1) The remuneration of the top 5 remuneration executives of the listed OTC company (it shall disclose the remuneration paid to each individual) (Note 1) Unit: NT$ thousands, %

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonus and Special Allowances (C) (Note 3)		Employees' Compensation (D) (Note 4)				Total Amount (A+B+C+D) to Net Profit After Tax Ratio (Note 6)		Remuneration Received from an Invested Company other than the Company's subsidiaries or Parent Company (Note 7)
		The Company	All Companies in the Financial Report (Note 5)	The Company	All Companies in the Financial Report (Note 5)	The Company	All Companies in the Financial Report (Note 5)	The Company		All Companies in the Financial Report (Note 5)		The Company	All Companies in the Financial Report	
								Cash Amount	Shares Amount	Cash Amount	Shares Amount			
None														

Note 1: The "top five managerial officers with the highest remuneration" refer to the Company's managers; the definition of managers are based on the Ministry of Finance Official Letter No. Zheng-San 0920001301 regarding the scope of managers issued by the former Securities and Futures Commission, Ministry of Finance on March 27, 2003. As for the principle of determining the “top five highest remuneration amounts, it is based on the aggregate amount of the salary, pension, bonus and special fee received by managers of the Company from all companies in the consolidated financial statements, as well as the total amount of employee bonus (that is, A + B + C + D); after sorted by amount, and the top five remuneration amounts are determined. If the Director also serves as the above Supervisor, this table and the above table (1-1) shall be filled in.

Note 2: Please specify the salary, duty allowance and severance paid to the top five senior management in the most recent year.

Note 3: Please specify the bonus, reward, transportation allowance, special allowance, various allowances, and provision of such tangible objects as dormitory and car, as well as other remunerations, received by the top five senior management in the most recent year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please disclose the salary paid to the driver in a note, which shall be excluded from the remuneration. Any salary listed under IFRS 2 Share-Based Payment, including employee stock options, new restricted employee shares, and cash capital increase by stock subscription, shall also be included in remuneration.

Note 4: Please specify the employee bonus (including stocks and cash). to be allocated to the top five senior management as approved by the Board of Directors prior to the motion for allocation of earnings submitted to the shareholders' meeting in the most recent year. If it is impossible to impute the same, the amount to be allocated this year shall be based on that allocated physically last year, and please also fill in Appendix I-III.

Note 5: Please disclose the aggregate of the remuneration paid to the Company's top five senior management by all companies included into the consolidated financial reports (including the Company).

Note 6: The earnings after tax shall refer to the earnings after tax identified in the parent company only or individual financial statement for the most recent year.

Note 7: a. To specify whether the Company's top five senior management have received remuneration from investees beyond subsidiaries (If there is none, please fill in "none").

b. The remuneration refers to the salary, compensation, employee bonus and professional practicing fees received by the Company's top five senior management who acted as the Directors, Supervisors or managers of investees other than subsidiaries.

* The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation purpose.

Names of the managers who receive employees' compensation and the distribution status

Unit: NT$ thousands; %

May 10, 2023

	Title (Note 1)	Name (Note 1)	Stock Amount	Cash Amount	Total	Total Amount to Net Profit After Tax Ratio (%)

Manager	President	Min-Chih Hsiao	0	7,438	7,438	2.79
	Vice President	Lung-Chi, Wu				
	Vice President	Chen-Chang Huang				
	Assistant Manager	Jen-Chin Chiang				
	Chief Financial Officer	Yu-Chi Huang				
	Chief Accounting Officer	Hui-Wen Li				
	Company's Corporate Governance Officer	Jui-Chun Wang				

Note 1: Please disclose the name and job title individually, while the allocation of earnings may be summarized and then disclosed.

Note 2: Please specify the employee compensation (including stocks and cash) to be allocated to the managers as approved by the Board of Directors prior to the motion for allocation of earnings submitted to the shareholders' meeting in the most recent year. If it is impossible to impute the same, the amount to be allocated this year shall be based on that allocated physically last year. The earnings after tax refers to the earnings after tax in the most recent year. If the IFRSs are adopted, the earnings after tax shall refer to the earnings after tax identified in the entity or individual financial statement for the most recent year.

Note 3: The scope of managers shall be defined in the following manner, as per the Board's decree under Tai-Tsai-Cheng-3-Tze No. 0920001301 dated March 27, 2003:

(1) President and equivalent (2) Vice President and equivalent (3) Assistant Manager and equivalent

(4) Chief Financial Officer (5) Chief Accounting Officer (6) Other persons who have the right to manage affairs and sign for the Company

Note 4: If any Director, President and Vice President has received employee compensation (including stock dividend and cash dividend), please complete table 1-2 and also this table.

(IV) Separate Comparisons and Descriptions of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company-only Financial Reports, as Paid by the Company and All Other Companies Included in the Consolidated Financial Statements During the Past Two Fiscal Years to Directors, Supervisors, the President, and Vice Presidents, with Analysis and Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Link.

Analysis table of the ratio of the total remuneration of Directors, Supervisors, President and Vice President of the Company to the net profit after tax in the parent only financial report:

Unit: NT$ thousands; %

Item / Title	The Company				All Companies in the Consolidated Financial Statements			
	2021		2022		2021		2022	
	Total	Amount to Net Profit After Tax Ratio	Total	Amount to Net Profit After Tax Ratio	Total	Amount to Net Profit After Tax Ratio	Total	Amount to Net Profit After Tax Ratio
Director	35,629	4.55	17,046	6.39	35,629	4.55	17,046	6.39
President and Vice President	26,664	3.41	14,244	5.34	26,664	3.41	14,244	5.34
Net income	782,909	-	266,633	-	782,909	-	266,633	-

Description:

The increase in the total remuneration of directors and managers in 2022 was lower compared with that in 2021 is due to the increase in net profit after tax.

1. Compensations paid to the Directors of the Company include (A) Salary, (C) Directors' Compensation, and (D) Business Expenses. Paid
   (A) Salary is mainly salaries paid to Directors. Pursuant to Article 21 of the Company's Articles of Association, the Board of Directors is authorized to pay and determine the remuneration according to the degree of participation and contribution value of Directors, and make regular evaluation with reference to the director's performance evaluation method (for example, the mastery of the company's objectives and tasks, the degree of participation in the company's operation, the operation and communication of internal relations, and the professional contribution of directors), Outcome of 2022 board of directors performance evaluation: the board scored 4.52 (based on external performance evaluation) whereas individual board members scored an average of 4.78 (based on self-assessment)
   (C) Directors’ compensation is paid in accordance with Article 40 of the Company’s Articles of Association. If there are earnings for the year, no more than 3% shall be set aside for the Directors’ compensation. Therefore, it is highly relevant to the Company’s operating performance.
   (D) Business expenses refer mainly to commuting expenses.
2. Remuneration paid to the managers of the Company (including the President and Vice President) includes (A) Salary, (B) Pension, (C) Bonus, and (D) Employees' Compensation. In addition to salaries and pensions, the remuneration to managers (including the President and Vice President) is based on the Company's operating

performance. Article 40 of the Company's Articles of Incorporation stipulates that 1% to 5% of the Company's annual profit shall be allocated to employee compensation,

Taking into account the manager's performance evaluation, which includes financial indicators: the Company's revenue, net profit before tax and net profit after tax attainment rates, the Company's performance bonus calculation and distribution method (the following paragraphs): calculation (1). Performance bonus based on shipment calculation. =A+B+C+D (A. Total tonnage of carbon steel pipe, B. Total tonnage of stainless steel pipe, C. Total tonnage of carbon steel plate, D. Total tonnage of stainless steel plate; Calculated based on operating profit; (2) Monthly operating profit before directors' and employees' remuneration*2%. Total amount of performance bonus = (1)+(2). The bonus multiples for executives are different according to the supervisor level. After being reviewed by the factory manager, it will be reported to the Company for distribution before the 25th of the following month.

Non-financial indicators: such as the manager's ethical risk or other risk events that may adversely affect the Company's image and goodwill,

internal mismanagement, personnel misconduct, or significant deficiencies in compliance with laws and regulations and operational risks of

the departments under his or her supervision for appropriately adjustment and allocation. Such amount is also regularly evaluated by the Company's Remuneration Committee. Therefore, it is highly relevant to the Company’s operating performance.

3.The Company established the Audit Committee to replace Supervisors on June 21, 2016.

IV. Implementation of Corporate Governance

(I) Operations of the Board

(1) Operation of the Board of Directors

A total of 8 (A) Board of Directors meetings were held in 2022. The attendance of the Directors was as follows:

Title	Name (Note 1)	Actual attendance (B)	Proxy times	Actual attendance rate (%) (B/A) (Note 2)	Note
Chairman	Yuan Chuan Steel Co., Ltd. Representative: Chun-Fa Huang	9	0	90	(existing member; re-elected 2022/06/14)
Director	Yuan Chuan Steel Co., Ltd. Representative: Hsiou-Mei Huang	10	0	100	(existing member; re-elected 2022/06/14)
Director	Yuan Chuan Steel Co., Ltd. Representative: Chun-Chao Huang	10	0	100	(existing member; re-elected 2022/06/14)
Director	Yuan Chuan Steel Co., Ltd. Representative: Yung-Chieh Huang	10	0	100	(existing member; re-elected 2022/06/14)
Director	Cheng Ta International Investment Co., Ltd. Representative: Ta-Teng Cheng	10	0	100	(existing member; re-elected 2022/06/14)
Director	Cheng Ta International Investment Co., Ltd. Representative: Yung-Fen Lin	10	0	100	(existing member; re-

					elected 2022/06/14)
Independent Director	Chih-Ling Chen	4	0	100	(former member; re-elected 2022/06/14)
Independent Director	Ching-Chuan Luo	4	0	100	former member; re-elected 2022/06/14)
Independent Director	Huang-Chi Liu	10	0	100	(existing member; re-elected 2022/06/14)
Independent Director	Chih-Wei Chang	10	0	100	(new member; re-elected 2022/06/14)
Independent Director	Rui-Hsiang Huang	10	0	100	(new member; re-elected 2022/06/14 and resigned on 2022/07/21)

Other mentionable items:

一、If any of the following events occurred, the dates of the Board of Directors meetings, sessions, a summary of proposals, opinions of all the Independent Directors and the Company's responses should be specified:

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act.

Board date	Session	Proposals	All Independent Directors' Opinions	The Company's Response on Independent Directors' Opinions
2022.1.21	The 21st board	Discussion of the Company's 2022 business plan.	Agreed and passed	Agreed and passed

	The 28th meeting			
		Proposal to lend seventeen million New Taiwan Dollars to Ting Pang Development Co., Ltd.	Agreed and passed	Agreed and passed
		Proposal to have the Company subscribe to the cash issue of 100%-held subsidiary - Mayer Inn Corporation.	Agreed and passed	Agreed and passed
		Amendments to the Company's "Subsidiaries Supervision Policy."	Agreed and passed	Agreed and passed
		Payment of managers' 2021 year-end bonus.	Agreed and passed.	Agreed and passed
2022.3.22	The 21st board The 29th meeting	Presentation of the Company's 2021 "Declaration of Internal Control System."	Agreed and passed	Agreed and passed
		With regards to the acquisition of debts from Beautiful Window Enterprise Co., Ltd. that the board of directors had previously resolved during the meeting held on November 5, 2021, a proposal was raised to proceed with the transaction as a lending of capital instead of debt acquisition.	Agreed and passed	Agreed and passed
		Review of the Company's 2021 business report, separate financial statements, and consolidated financial statements.	Agreed and passed	Agreed and passed
		Allocation of 2021 employee remuneration and director remuneration.	Agreed and passed	Agreed and passed
		Amendments to the Company's "Articles of Incorporation."	Agreed and passed	Agreed and passed
		Amendments to the Company's "Directors Election Policy."	Agreed and passed	Agreed and passed
		Amendments to the Company's "Shareholder Conference Rules."	Agreed and passed	Agreed and passed
		Amendments to the Company's "Asset Acquisition and Disposal Procedures."	Agreed and passed	Agreed and passed

		Proposal to convene the Company's 2022 annual general meeting on June 14, 2022.	Agreed and passed	Agreed and passed
		Discussion regarding the acceptance of shareholders' proposals for the 2022 annual general meeting.	Agreed and passed	Agreed and passed
		Discussion regarding the acceptance of shareholders' nominations for director (including independent director) candidates for the 2022 annual general meeting.	Agreed and passed	Agreed and passed
		Election of the Company's 22nd board of directors.	Agreed and passed	Agreed and passed
		Discussion regarding the removal of non-compete clause for newly elected directors.	Agreed and passed	Agreed and passed
		Review on the regular assessment of financial statement auditors' independence and suitability.	Agreed and passed	Agreed and passed
		Appointment and compensation of the Company's financial statement auditors for 2022.	Agreed and passed	Agreed and passed
		Pension contribution (severance pay) for managers of the Company.	Agreed and passed	Agreed and passed
		Proposal to have the Company apply for credit facilities totaling One Hundred and Seventy Million New Taiwan Dollars from Bank of Taiwan Taipei Branch, with the Chairman serving as joint guarantor. Proposal to authorize the Chairman for all decisions concerning this application.	Independent Director Chih-Ling Chen held stake in the motion and had recused from discussion and voting. The motion was agreed and passed by all remaining directors present at the meeting.	Agreed and passed
2022.4.22	The 21st board	Discussion regarding the Company's 2021 earnings	Agreed and passed	Agreed and passed

	The 30th meeting	disbutions, cash dividend baseline date, and payment date.		
		Discussion regarding the list of director (including independent director) candidates nominated by the board of directors.	Agreed and passed	Agreed and passed
		Amendments to the Company's "Board of Directors Conference Rules."	Agreed and passed	Agreed and passed
		Amendments to the Company's "Independent Director Responsibility Principles.	Agreed and passed	Agreed and passed
		Amendments to the Company's "Audit Committee Charter."	Agreed and passed	Agreed and passed
2022.5.12	The 21st board The 31st meeting	Discussion of the Company's 2022 first-quarter consolidated financial statements.	Agreed and passed	Agreed and passed
		Acquisition or disposal of shares of IBF Financial Holdings Co.,Ltd. held by the Company.	Agreed and passed	Agreed and passed
2022.6.14	The 22nd board The 1st meeting	Election of the Company's Chairman.	Agreed and passed	Agreed and passed
2022.7.1	The 22nd board The 2nd meeting	Appointment of members for the Company's 5th Remuneration Committee members.	Agreed and passed	Agreed and passed
		Proposal to acquire additional 8,142 square meters of land for public facilities as needed for the Wanli Land Development project.	Agreed and passed	Agreed and passed
2022.8.10	The 22nd board The 3rd meeting	Discussion of the Company's 2022 second-quarter consolidated financial statements.	Agreed and passed	Agreed and passed
		Discussions concerning the tenor and subsequent repayment of loans that the Company had granted to Ting Pang Development Co., Ltd. for taking part in the Hulin Section Urban Renewal Project, following a 3-month delay in the construction progress.	Agreed and passed	Agreed and passed

		Proposal to secure claims over the disputed transaction of land located at Yongcui Section, Banqiao District, New Taipei City, by ways of represented settlement/negotiation and placement of provisional seizure bonds.	Agreed and passed	Agreed and passed
		Proposal to have the Company apply for credit facilities totaling Seventy Million New Taiwan Dollars from Bank of Panhsin Minsheng Branch (with Chairman Chun-Fa Huang serving as the joint guarantor).	Agreed and passed	Agreed and passed
2022.9.5	Extraordinary board of directors meeting	Discussion regarding settlement of disputes over the transaction of land located at Yongcui Section, Banqiao District, New Taipei City.	Agreed and passed	Agreed and passed
		Acquisition or disposal of shares of Evergreen Marine Corp.	Agreed and passed	Agreed and passed
2022.10.20	The 22nd board The 4th meeting	Re-appointment of members for the Company's 5th Remuneration Committee members.	Agreed and passed	Agreed and passed
		Amendments to the Company's "Board of Directors Conference Rules."	Agreed and passed	Agreed and passed
		Proposal to have the Company apply for the following credit facilities from O-Bank: 1. Short-term unsecured limit totaling Sixty-five Million New Taiwan Dollars (secured by shares of IBF Financial Holdings at 80% value); 2. Short-term unsecured limit totaling Eighty-five Million New Taiwan Dollars secured by shares of TWSE at 70% value); and 3. Short-term unsecured limit totaling Thirty Million New Taiwan Dollars (pure credit) for a sum of One Hundred and Eighty Million New Taiwan Dollars, with the Chairman serving as joint guarantor. Proposal to authorize	Agreed and passed	Agreed and passed

		the Chairman for all decisions concerning this application.		
2022.11.9	The 22nd board The 5th meeting	Discussion of the Company's 2022 third-quarter consolidated financial statements.	Agreed and passed	Agreed and passed
		Discussion regarding the Company's "2023 Internal Audit Plan."	Agreed and passed	Agreed and passed
		Discussion regarding amendments to the Company's "Internal Control System" and "Internal Audit Implementation Rules."	Agreed and passed	Agreed and passed
		Proposal to amend "Material Insider Information Guidelines" in the Company's management policy.	Agreed and passed	Agreed and passed
		Proposal to sell the Company's construction land located in "Wanli District, New Taipei City."	Agreed and passed	Agreed and passed
		Proposal to adjust unit reference price for the disposal of shares of IBF Financial Holdings Co.,Ltd. held by the Company.	Agreed and passed	Agreed and passed
		Proposal to have the Company renew short-term materials purchasing facilities totaling Thirty-eight Million New Taiwan Dollars with SCSB Yanping Branch, with the Chairman serving as joint guarantor. Proposal to authorize the Chairman for all decisions concerning this application.	Agreed and passed	Agreed and passed
		Proposal to have the Company apply for additional credit facilities for a sum of Three Hundred and Fifty Million New Taiwan Dollars from Taiwan Cooperative Bank Nanjing East Road Branch, with the Chairman serving as joint guarantor. Proposal to authorize the Chairman for all decisions concerning this application.	Agreed and passed	Agreed and passed

		Proposal to have the Company apply for short-term credit facilities totaling Three Hundred Million New Taiwan Dollars from Far Eastern International Bank, with the Chairman serving as joint guarantor. Proposal to authorize the Chairman for all decisions concerning this application.	Agreed and passed	Agreed and passed
		Proposal to have the Company apply for short-term credit facilities totaling Fifty Million New Taiwan Dollars from Shin Kong Bank Xinban Branch, with the Chairman serving as joint guarantor. Proposal to authorize the Chairman for all decisions concerning this application.	Agreed and passed	Agreed and passed

(II) Any recorded or written Board of Directors resolutions to which Independent Directors have objections or reservations to be noted in addition to the above: None

二、The recusal of a Director from a proposal shall include the name of the Director, the content of the proposal, the reason for the recusal, and the participation in voting: In the case of the Company's application for a consolidated credit line from the Bank of Taiwan, Taipei Branch, as the spouse of Director Chih-Ling Chen is an employee of the Bank of Taiwan and the position has restrictions on interested parties, Director Chih-Ling Chen shall be recused and shall not participate in the discussion and voting of the proposal.

三、Listed companies shall disclose the evaluation cycles and periods, scope and method, and contents of the Self-Evaluation or Peer Evaluation of the Board of Directors, and fill in (2) Evaluation of the Board of Directors in Appendix (II):

四、Targets and measures taken to strengthen the functionality of the Board of Directors in the current and the latest year (e.g. establishing the Audit Committee, enhancing information transparency):

1. Implementation of corporate governance and enhancement of information transparency: The Board of Directors operates in accordance with the "Corporate Governance Best Practice Principles" and the "Rules of Procedure for Board of Directors Meetings", and convenes meetings in compliance with these regulations, which are conducted smoothly.
2. The Company upholds the principle of operational transparency and posts important resolutions on the Market Observation Post System (MOPS) right after a Board of Directors meeting to protect investors' rights.
3. The Company purchased liability insurance on behalf of all Directors and reported the purchases made according to relevant laws and regulations.
4. The Company has established the Remuneration Committee, which is able to establish the best remuneration system effectively.

5. The Company elected Independent Directors and established the Audit Committee at the 2016 General Shareholders' Meeting to strengthen its corporate governance. Implementation status: Good.
6. Directors' further education: The Company arranges further education courses for Directors to obtain relevant information in order to maintain their core values and professional advantages and capabilities. Further education for Directors are as follows:

Director	Juridical Person	Representative	Course Subject	Hours
Director	Yuan Chuan Steel Corporation	Chun-Fa Huang	Blockchain and Effect on Businesses	3
			Corporate Management, Media, and PR Strategies	3
		Hsiu-Mei Huang	Blockchain and Effect on Businesses	3
			Corporate Management, Media, and PR Strategies	3
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			Corporate Management, Media, and PR Strategies	3
		Yung-Chieh Huang	Blockchain and Effect on Businesses; Corporate Management, Media, and PR Strategies	6
	Chengta International Investment Co., Ltd.	Ta-Teng Cheng		
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			Corporate Management, Media, and PR Strategies	3
Independent Director	Individuals	Huang-Chi Liu	Unlocking the Hidden Facts in Financial Statements	3 3 3
			Blockchain and Effect on Businesses	3
	Individuals	Rui-Hsiang Huang		

Note 1: For a Director or Supervisor who is a corporation, please specify the corporate shareholder's name and its representative's name.

Note 2: (1) If a Director or Supervisor resigns before the end of the accounting year, the resignation date shall be noted in the "Remarks" column. His or her attendance rate (%) will be calculated on the basis of the number of Board of Directors meetings held during his or her tenure and the number of such meetings attended.

(2) If a director or supervisor is re-elected before the end of the accounting year, the names of the current and previous director or supervisor shall be listed and their appointment status and re-election date shall be noted in the "Remarks" column. Their attendance rate (%) to Board session

shall be calculated based on the number of meetings called and the actual number of sessions they attended, during the term of office.

(2) Evaluation of the Board of Directors

Frequency (Note 1)	Period (Note 2)	Scope (Note 3)	Method (Note 4)	Content (Note 5)
Once a year	Board of directors: (2021.11.01 - 2022.10.31) Individual board members and functional committees: (2022.01.01 - 2022.12.31)	1. Overall Board of Directors 2. Individual Directors. 3. Functional Committees (including the Audit Committee and Remuneration Committee).	The performance evaluation methods include self-evaluation of the Board of Directors, self-evaluation of the Directors, appointment of external professional institutions or experts, or other appropriate methods. The Company engaged Taiwan Investor Relations Institute to conduct an external evaluation on the performance of the board of directors for the current year (2022). As per investigation, the evaluator and experts thereof had no business dealing with the Company and were able to carry out the assigned tasks in an independent manner. Members of the evaluation panel including: Shih-Chang Lin, Si-Kuo Wang, and Shih-Hsiung Chien had all issued statement of independence. The Company has completed board of directors performance evaluation for the current year (2022). The evaluation covered performance of the board as a whole (evaluated by an external institution),	1. Board performance evaluation covers “board composition and professional capacity,” “board decision quality,” “board functionality,” “internal control and risk management,” and “board’s participation in corporate social responsibilities. 2. The evaluation of the board members includes six major aspects: "understanding of the Company's goals and missions", "knowledge of Directors' duties", "participation in the Company's operations", "internal relationship management and communication", "professional and continuing education of Directors", and "internal control". 3. The evaluation of functional committees includes five major aspects: "participation in the Company's operations", "knowledge of

			individual board members, and functional committees. Outcomes of which were reported in the board of directors meeting held on March 13, 2023. The evaluation results are presented in five levels, where 1 represents very poor (strongly disagree), 2 represents poor (disagree), 3 represents moderate (average), 4 represents good (agree), and 5 represents very good (strongly agree). 2022 internal self-evaluation results: Outcome of the 2022 evaluation: the board scored 4.52 whereas individual board members scored an average of 4.78.The Board of Directors scored 4.59 and the average self-evaluation score of the board members was 4.8; the functional committees: the Audit Committee scored 4.88 and the Remuneration Committee scored 5, all of which scored good or above. In addition, the Company's Board of Directors resolved to conduct an evaluation by an external professional independent institution or a team of external experts at least once every three years.	functional committee responsibilities", "improvement of the quality of decisions made by the functional committees", "composition and election of functional committee members", and "internal control.

Note 1: The frequency of the evaluation of the Board of Directors, e.g. annually.

Note 2: The period covered by the Board of Directors' evaluation, e.g., the evaluation of the Board of Directors from January 1, 2022 to December 31, 20121.

Note 3: The scope of the evaluation includes the evaluation of the Board of Directors, individual board members and functional committees.

Note 4. The evaluation methods include self-evaluation of the Board of Directors, self-evaluation of the Directors, peer evaluation, appointment of external professional institutions or experts,
or other appropriate methods.

Note 5: The evaluation contents shall include at least the following items according to the scope of evaluation:

(1) Evaluation of the Board of Directors: At least includes the degree of participation in the operation of the Company, the quality of decisions made by the Board of Directors,
the composition and structure of the Board of Directors, the election and continuing education of Directors, and internal control, etc.

(2) Evaluation of individual board members: At least includes the understanding of the Company's goals and missions,
knowledge of the Directors' duties, participation in the Company's operations, internal relationship management and communication, professional and continuing education of Directors,
and internal control, etc.

(3) Evaluation of functional committees: participation in company operations, awareness of functional committee responsibilities,
quality of decisions made by the functional committee, composition and election of functional committee members, internal control, etc.

(II) Audit Committee's operation and Supervisors' participation in the Board of Directors:

Audit Committee's Operation

In 2022, the Audit Committee held 8 meetings (A), attendance of the Independent Directors is as follows:

Title	Name (Note 1)	Actual attendance (B)	Proxy times	Actual attendance rate (%) (B/A) (Note 2)	Note
Independent Director	Chih-Ling Chen	4	0	100	(former member; re-elected 2022/06/14)
Independent Director	Ching-Chuan Luo	4	0	100	(former member; re-elected 2022/06/14)
Independent Director	Huang-Chi Liu	8	0	100	(existing member; re-elected 2022/06/14)
Independent Director	Chih-Wei Chang	4	0	100	(new member; re-elected

					2022/06/14)
Independent Director	Rui-Hsiang Huang	2	0	100	(new member; re-elected 2022/06/14 and resigned on 2022/07/21)

A: Duties of the Audit Committee:

1. Review of financial statements and communication of key audit matters.
2. Audit and accounting policies and procedures.
3. Internal control system and relevant policies and procedures.
4. The Company's risk management.
5. Trading of material assets or derivatives.
6. Material loans of funds or provision of endorsements/guarantees.
7. Appointment, discharge of CPAs, and salary, independence, and evaluation.
8. Derivatives and cash investment.
9. Appointment or dismissal of the Chief Financial Officer, Chief Accounting Officer or Chief Internal Auditor.
10. Legal Compliance

- 2022 Key duties:

1. Review capital loans and endorsement/guarantees.
2. Review of business reports, financial statements and earnings distribution: The Audit Committee reviews the business reports, financial statements and earnings distribution, and the convener of the Audit Committee issues an audit report.
3. Establish and amend the Articles of Association and relevant procedures.
4. Evaluate the effectiveness of the internal control system.
5. Appoint of CPAs (CPA Independence Evaluation): The Audit Committee formulated an independence and suitability evaluation form with reference to The Norm of Professional Ethics for Certified Public Accountant No. 10, "Integrity, Objectivity, and Independence," which was approved at the Board of Directors Meeting. The Board of Directors is of opinion that Chin-Feng Lin and Ya-Chuan Chang from Crowe (TW) CPAs fulfilled the independence and suitability standards of the evaluation and are sufficient to be the Company's CPAs.
6. Review material asset transactions.
7. Appointment and remuneration of CPAs.

B: Other mentionable items:

I. If any of the following events occurred, the dates of the meetings, sessions, summary of proposals, summary of independent directors recommend or objection, opinions of all the Independent Directors and the Company's responses should be specified.

(I) Matters referred to in Article 14-5 of the Securities and Exchange Act.

Board date	Session	Proposals	Audit Committee Resolution	The Company's Response on the Audit Committee's Opinions
2022.1.21	The 21st board The 28th meeting	Proposal to lend seventeen million New Taiwan Dollars to Ting Pang Development Co., Ltd.	Agreed and passed by all attending committee members.	Agreed and passed.
		Proposal to have the Company subscribe to the cash issue of 100%-held subsidiary - Mayer Inn Corporation.	Agreed and passed by all attending committee members.	Agreed and passed.
2022.3.22	The 21st board The 29th meeting	Review of the Company's 2021 "Declaration of Internal Control System."	Agreed and passed by all attending committee members.	Agreed and passed.
		With regards to the acquisition of debts from Beautiful Window Enterprise Co., Ltd. that the board of directors had previously resolved during the meeting held on November 5, 2021, a proposal was raised to proceed with the transaction as a lending of capital instead of debt acquisition.	Agreed and passed by all attending committee members.	Agreed and passed.
		Review of the Company's 2021 business report, separate financial statements, and consolidated financial statements.	Agreed and passed by all attending committee members.	Agreed and passed.
		Amendments to the Company's "Asset Acquisition and Disposal Procedures."	Agreed and passed by all attending committee members.	Agreed and passed.
		Review on the regular assessment of financial statement auditors' independence and suitability.	Agreed and passed by all attending committee members.	Agreed and passed.
		Appointment and compensation of the	Agreed and passed by all attending	Agreed and passed.

		Company's financial statement auditors for 2022.	committee members.	
		Proposal to have the Company apply for credit facilities totaling One Hundred and Seventy Million New Taiwan Dollars from Bank of Taiwan Taipei Branch, with the Chairman serving as joint guarantor. Proposal to authorize the Chairman for all decisions concerning this application.	Director Chih-Ling Chen held stake in the motion and had recused from discussion and voting. [segment to delete] The motion was agreed and passed by all remaining committee members present at the meeting. [segment to delete] [segment to delete]	
2022.4.22	The 21st board The 30th meeting	Review of the Company's 2021 earnings compensation proposal.	Agreed and passed by all attending committee members.	Agreed and passed.
		Amendments to the Company's "Independent Director Responsibility Principles.	Agreed and passed by all attending committee members.	Agreed and passed.
		Amendments to the Company's "Audit Committee Charter."	Agreed and passed by all attending committee members.	Agreed and passed.
2022.5.12	The 21st board The 31st meeting	Review of the Company's 2022 first-quarter consolidated financial statements.	Agreed and passed by all attending committee members.	Agreed and passed.
		Acquisition or disposal of shares of IBF Financial Holdings Co.,Ltd. held by the Company.	Agreed and passed by all attending committee members.	Agreed and passed.
2022.6.14	The 22nd board	Election of convener for the Company's 3rd Audit Committee.	Agreed and passed by all attending	Agreed and passed.

	The 1st meeting		committee members.	
2022.7.1	The 22nd board The 2nd meeting	Proposal to acquire additional 8,142 square meters of land for public facilities as needed for the Wanli Land Development project.	Agreed and passed by all attending committee members.	Agreed and passed.
2022.8.10	The 22nd board The 3rd meeting	Review of the Company's 2022 second-quarter consolidated financial statements.	Agreed and passed by all attending committee members.	Agreed and passed.
		Discussions concerning the tenor and subsequent repayment of loans that the Company had granted to Ting Pang Development Co., Ltd. for taking part in the Hulin Section Urban Renewal Project, following a 3-month delay in the construction progress.	Agreed and passed by all attending committee members.	Agreed and passed.
		Proposal to secure claims over the disputed transaction of land located at Yongcui Section, Banqiao District, New Taipei City, by ways of represented settlement/negotiation and placement of provisional seizure bonds.	Agreed and passed by all attending committee members.	Agreed and passed.
2022.9.5	Extraordinary board of directors meeting	Discussion regarding settlement of disputes over the transaction of land located at Yongcui Section, Banqiao District, New Taipei City.	[segment to delete] Agreed and passed by all attending members of the committee. Furthermore, the business team has been reminded to recover upfront deposits relating to this case unconditionally from the counterparty as part of the settlement term.	Agreed and passed.

2022.11.9	The 22nd board The 5th meeting	Review of the Company's 2022 third-quarter consolidated financial statements.	Agreed and passed by all attending committee members.	Agreed and passed.
		Discussion regarding the Company's "2023 Internal Audit Plan."	Agreed and passed by all attending committee members.	Agreed and passed.
		Discussion regarding amendments to the Company's "Internal Control System" and "Internal Audit Implementation Rules."	Agreed and passed by all attending committee members.	Agreed and passed.
		Proposal to adjust unit reference price for the disposal of shares of IBF Financial Holdings Co.,Ltd. held by the Company.	Agreed and passed by all attending committee members.	Agreed and passed.
		Proposal to sell the Company's construction land located in "Wanli District, New Taipei City."	Agreed and passed by all attending committee members.	Agreed and passed.

(II) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all Directors: not applicable.

II. Regarding recusals of Independent Directors from voting due to conflicts of interests, the names of the Independent Directors, contents of proposals, reasons for recusal, and voting results shall be specified:

In the case of the Company's application for a consolidated credit line from the Bank of Taiwan, Taipei Branch, as the spouse of Director Chih-Ling Chen is an employee of the Bank of Taiwan and the position has restrictions on interested parties, Director Chih-Ling Chen shall be recused and shall not participate in the discussion and voting of the proposal. The rest of the attending member approved the application, which is submitted to the Board of Directors for approval.

* Communications between the Independent Directors, the Company's Chief Internal Auditor and CPAs (shall include the material items, methods and results of audits of corporate finance or operations, etc.).

1. During the Audit Committee meetings held in January, March, and November 2022, the chief internal auditor presented to the independent directors a new "2023 Internal Audit Plan" along with amendments to the Company's "Internal Control System" and "Internal Audit Implementation Rules" that the internal audit team had made based on the latest amendments to the Company's "Subsidiaries Supervision Policy" and issuance of the 2021 "Declaration of Internal Control System." The chief internal auditor also provided explanations to the internal audit plan, the audit progress, and improvements made to date.
2. During a separate meeting with independent directors on August 10, 2022, the chief internal auditor provided updates on the execution of internal audit plan for June and July 2022, and discussed on the queries raised by independent directors.

3. During a separate meeting with independent directors on January 21, 2022, the CPAs presented a report on the execution of 2021 audit plan as well as the communications they had with the governance body, and discussed on the queries raised by meeting participants.

Note 1: Where an Independent Director may be relieved from duties before the end of the fiscal year, please specify the date of his/her discharge in the `Remarks" Section. His/her actual attendance rate (%) shall be calculated on the basis of the number of Audit Committee meetings held and the actual number of sessions he/she attended during his/her term of office.

Note 2: Where an election may be held for filling the vacancies of Independent Director before the end of the fiscal year, please list out both the new and the discharged Independent Directors and specify if they are the former Independent Directors, or newly elected, re-elected, and also the date of the reelection. The actual attendance rate (%) will be calculated on the basis of the number of Audit Committee meetings held and the actual number of sessions he/she attended during his/her term of office.

Supervisors' Participation in the Board of Directors

The Company established the Audit Committee to replace the Supervisors on June 21, 2016.

(III) Implementation of Corporate Governance and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

Corporate Governance Implementation Status, Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations

Evaluation Item	Status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	Summary	
I. Does the company establish and disclose the Corporate Governance Best-Practice Principles according to Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company formulated the Corporate Governance Best-Practice Principles.	No deviation.
II. Shareholding structure & shareholders' interests (I) Did the Company establish an internal procedure for handling shareholder proposals, inquiries, disputes, and litigations? Are such matters handled	✓ ✓		(I) The Company's spokespersons, deputy spokespersons, stock agency, and specialized personnel are responsible for handling shareholder advice and inquiries. (II) The Company currently	(I) No deviation. (II) No deviation.

Evaluation Item	Status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	Summary	
according to the internal procedure? (II) Did the Company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders? (III) Did the Company establish and enforce risk control and firewall systems with its affiliated businesses? (IV) Did the Company stipulate internal rules that prohibit company insiders from trading securities using information not disclosed to the market?	✓ ✓		maintains a good relationship with its major shareholders and is able to keep track of the list of major shareholders. (III) The Company oversees and control its operation through a pre-approval mechanism. (IV) The Company has formulated the Code of Conduct to prevent insider trading.	(III) No deviation. (IV) No deviation.
III. Composition and responsibilities of the Board of Directors				
(I) Does the Board of Directors proposed to formulate diversify policies, specific management objectives and implement?	✓	✓	(I) 1. The Company adopted the "Corporate Governance Code" at the 18th meeting of the 11st Board of Directors on November 11, 2021, and strengthen the functions of the Directors in Chapter 3 by setting a diversity policy. The nomination and election of members of the Company’s Board of Directors is conducted in accordance with the Articles of Association, wherein a candidate nomination system is adopted. In addition to the evaluation of the education background and work experience of	(I) No deviation. (II) In the future, measures will

Evaluation Item	Status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	Summary	
(II) In addition to Remuneration Committee and Audit Committee established according to law, has the Company voluntarily established other functional committees? (III) Has the Company established Procedures for the Evaluation of the Board of Directors and its evaluation methods, and does the Company implement such annually? Does it report the results of the evaluation to the Board of Directors and use them as a reference for each Director's remuneration and nomination of term renewal?	✓		candidates, stakeholders' opinions are also taken into consideration in accordance with “Regulations Governing Election of Directors and Supervisors” and “Corporate Governance Code of Practice”, in order to ensure the diversity and independence of members of the Board of Directors. 2. For details of the diversity of Board members, please refer to (Note 2). (II) Under discussion by the Company. (III) The Company has resolved at the 18th meeting of the 21st Board of Directors on November 11, 2021 to establish the Procedures for the Evaluation of the Board of Directors, which should be conducted by an external professional independent institution or a team of external experts at least once every three years. According to the procedures, the Company's Board of Directors shall conduct an internal evaluation of the Board of Directors every year according to the evaluation procedures and the evaluation indexes stipulated in the procedures. Internal and external evaluation of the Board of Directors shall be completed before the end of the first quarter of the following year. The Company has established the following evaluation items for the evaluation of the Board of Directors, taking into account the Company's	be taken in accordance with the Company's needs and related regulations. (III) No deviation.

Evaluation Item	Status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	Summary	
			situation and needs: I. Participation in the Company's operation. II. Quality of decisions made by the Board of Directors. III. Composition and structure of the Board of Directors. IV. Election and continuing education of Directors. V. Internal control. VI. Others.	
(IV) Has the Company implemented a regular evaluation of the independence of the CPAs?	✓		The Company engaged Taiwan Investor Relations Institute to conduct an external evaluation on the performance of the board of directors for the current year (2022). As per investigation, the evaluator and experts thereof had no business dealing with the Company and were able to carry out the assigned tasks in an independent manner. Members of the evaluation panel including: Shih-Chang Lin, Si-Kuo Wang, and Shih-Hsiung Chien had all issued statement of independence. The Company has completed board of directors performance evaluation for the current year (2022). The evaluation covered performance of the board as a whole (evaluated by an external institution), individual board members, and functional committees. Outcomes of which were reported in the board of directors meeting held on March 13, 2023. Outcome of this evaluation is presented in five tiers; a score of 1 indicates extremely poor performance (Strongly disagree), whereas a score of 2 indicates poor performance (Disagree), 3 indicates fair performance (Neutral), 4 indicates good performance (Agree), and 5 indicates excellent performance (Strongly agree).	(IV) No deviation. The 2023 evaluation will proceed in accordance with “Audit Quality Indicator (AQI) Interpretation Guidelines for the Audit Committee” and take into account additional factors such as the size and reputation of the accounting firm, market ranking, sector distribution of the firm’s customers, the nature and scope of non-audit service, the quality of audit service, CPAs’ ongoing education,

Evaluation Item	Status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	Summary	
			Outcome of 2022 evaluation: the board scored 4.52 while individual directors scored an average of 4.78 (based on self-assessment); as for the functional committees, the Audit Committee scored 5 and the Remuneration Committee scored 5, both of which were rated Excellent and above. (IV) CPAs appointed by the Company are independent, they are evaluated regularly according to The Norm of Professional Ethics for Certified Public Accountant No. 10 (Note 3). Every year, the Company evaluates the independence of the CPAs and submits the results and the statement issued by the CPAs to tthe 26th meeting of the 2nd Audit Committee held on March 22, 2022 and the 29th meeting of the 21st Board of Directors for review and approval. After the evaluation, Chin-Feng Lin and Chun-Chih Lin from Crowe (TW) CPAs fulfilled the independence standards of the evaluation and are sufficient to be the Company's CPAs.	communication with the governance body, and interaction with the chief internal auditor. The Company has already requested Crowe (TW) CPAs and the financial statement auditors to provide relevant information, and the board of directors will evaluate CPAs' independence and suitability based on the information presented.
IV. Does the TWSE Listed Company have allocated a sufficient number of qualified corporate governance staff and appointed a Corporate Governance Officer (including but not limited to providing information required for Director/Supervisor's operations, assisting Directors and Supervisors	✓		The Company appointed Jui-Chun Wang as the Corporate Governance Officer at the 18th meeting of the 21st Board of Directors on November 11, 2021. Jui-Chun Wang has served as the secretary of the Board of Directors of the Company for many years and has more than three years of experience as the head of legal compliance and stock affairs of a public company, and is qualified as the head of corporate governance under Article 23 of the " Taiwan	No deviation

Evaluation Item	Status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	Summary	
in complying with laws and regulations, handling the matters concerning the Board and Annual General Meeting in accordance with the law and making their records)?			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". The Corporate Governance Officer is responsible for holding Board of Directors meetings and shareholders meetings, preparing minutes of Board of Directors meetings and shareholders' meetings, assisting Directors in their appointment and continuing education, providing information necessary for Directors to perform their duties, and assisting Directors in complying with laws and regulations. The following are the highlights of our operations in 2022: I. Assisted Directors in carrying out their duties, providing necessary information and arranging for their further education and liability insurance: 1. The Corporate Governance Officer compiled the latest laws and regulations related to the business areas of the Company and corporate governance, arranged discussions at the Board of Directors meetings and provided educational information to the board members from time to time. 2. Assisted Directors, upon request, to understand the regulations for which compliance is required for the execution of their business. 3. Provided Directors with the necessary information of the Company. They are also provided with assistance for communicating and exchanging ideas with business managers. 4. Assisted Independent	

Evaluation Item	Status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	Summary	
			Directors in arranging meetings with the Chief Internal Auditor or CPAs to understand the financial and business needs of the Company. 5. Assisted board members to complete at least 6 hours of education courses. 6. Verified that the Company has purchased the liability insurance for Directors and key persons" for members of the Board of Directors and reported to the Board of Directors. II. Procedures for Board of Directors meetings and the shareholders' meetings and compliance regarding confirmation of resolutions: 1. Produced meeting notices and agenda for the Board of Directors; reminded Directors to recuse themselves in advance for discussions on issues that require their recusal due to conflicts of interests; produced meeting minutes within the statutory time limit. 2. Handled the pre-registration of the shareholders' meeting date in accordance with the law; prepared the notice of meeting, the Meeting Handbook, and the minutes of the shareholders' meeting. 3. Confirm that the organization, resolution procedures, and meeting minutes of the Board of Directors and shareholders' meetings meet related regulations and the Corporate Governance Best Practice Principles. 4. Changed registration items. III. Maintain relations with investors: The Company's website is updated from time to time to keep investors	

Evaluation Item	Status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	Summary	
			abreast of the Company's financial, business, and corporate governance information in order to protect shareholders' rights and interests. Education in 2022: Pursuant to Article 24 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," a listed company shall arrange continuing professional education for its Corporate Governance Officer. The Corporate Governance Officer shall receive at least 12 hours of continuing education each year, except for at least 18 hours within one year for the first term commencing from the date of his/her appointment. Note 4: Details of the advanced training for corporate governance officer.	
* Has the Company established communication channels for its stakeholders (including but not limited to shareholders, employees, customers and suppliers) or created a stakeholders section on its corporate website? Does the Company promptly respond to the concerns of stakeholders regarding important corporate social responsibility issues?	✓		The Company has set up a stakeholder area on the Company's official website. In addition to the contact information of the spokespersons and deputy spokespersons. When necessary, stakeholders can contact the Company through the website if necessary. https: http://www.mayer.com.tw/2015/01/blog-post.html 。	No deviation.
VI. Does the Company appoint a professional shareholder service agency to handle shareholder affairs?	✓		The Company has appointed a professional shareholder service agency to handle shareholder affairs.	No deviation.

Evaluation Item	Status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	Summary	
VII. Information Disclosure (I) Did the Company establish a website to disclose information on financial operations and corporate governance?	✓		(I) The Company has established a website (http://www.mayer.com.tw/), which is linked to the Market Observation Post System, to disclose relevant information.	(I) No deviation.
(II) Did the Company adopt other means of information disclosure (such as establishing an English language website, delegating a professional to collect and disclose company information, implement a spokesperson system, and disclosing the process of investor conferences on the company website)?	✓		(II) The Company has designated dedicated personnel in charge of the collection and disclosure of company information and has implemented a spokesperson system. The Company's recordings (2022 2nd Institutional Investor Conference) are available at the Investors section of the Company website. Besides the Investors section on the Company's website, finance, business and operating information from the Investors' Conference are also posted to the Market Observation Post System (MOPS) pursuant to regulations prescribed by TWSE.	(II) No deviation.
(III) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year? Does it announce and declare the first, second and third quarter financial reports and operating conditions of each month as soon as possible before the prescribed period?		✓	(III) The Company is not able to announce and file the annual financial reports within two months after the close of the given fiscal year due to accounting issues and CPAs' schedule. The financial reports for the first, second and third quarters and the operating conditions for each month were announced and reported in advance of the prescribed deadline.	(III) No deviation. In the future, related measures will be taken in accordance with the Company's needs and related regulations.

Evaluation Item	Status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	Summary	
VIII. Is there any other important information that facilitates a better understanding of the company's corporate governance practices (e.g. including but not limited to employee rights, employee wellbeing, investor relations, supplier relations, rights of stakeholders, Directors' and supervisors' training records, the implementation of risk management policies and risk evaluation standards, the implementation of customer policies, and purchasing of liability insurance for Directors and Supervisors)?	ˇ		(I) Employees' interests: The Company has established an employee welfare committee and implemented a pension system as required by law. In order to encourage employees to pursue continuous education and enrich their knowledge, the Company has formulated the "Employee On-the-job Training Incentive Program". (II) Employee care: The Company provides employee travel subsidies, employee bonuses, year-end bonuses and other welfare measures, and protects the legal interests of employees in accordance with the Labor Standards Act and other relevant laws and regulations. (III) Investor relations: The Company discloses information honestly on the Market Observation Post System in accordance with the laws and regulations to protect the interests of investors, and includes spokesperson contact information on the Company's website to maintain a healthy and harmonious relationship between the Company and its shareholders. (IV) Supplier relations: The Company maintains smooth communication and coordination with its suppliers. (V) Stakeholder rights: The Company has a "Corporate Governance" section under the "Investors" section on its website (www.mayer.com.tw)	No deviation.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Status (Note 1)</th><th rowspan="2">Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>to disclose financial and business information, as well as a stakeholder section for stakeholders' reference. In addition, the Company's stock agency, the "Stock Agency Department of IBF Securities Co., Ltd", also assists in handling inquiries and suggestions from shareholders and the Company's stakeholders.
(VI) Directors' continuing education: The Company complies with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies. (Continuing education in 2022 is detailed in the Annual Report: Operation of the Board of Directors)
(VII) Implementation of risk management policies and risk measurement standards: The Company has an internal control system in place and auditors are able to effectively oversee the implementation at all times.
1. The Company's Risk Management Policy and Procedures were approved at the 18th meeting of the Board of Directors held on November 11, 2021, to regulate the risk management process and define risk measurement standards for each department and to implement risk management accordingly.</td><td></td></tr>
</table>

Evaluation Item	Status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	Summary	
			2. On September 22, 2022, the vice president served as the convener to convene the heads of various departments to hold the 2022 "Risk Management Committee" to discuss potential risks and countermeasures. 3. On November 9, 2022, the Internal Audit Office presented a report to the board of directors on the 2022 to the Board of Directors, and disclosed on the Company's website. (VIII) Implementation of customer policy: The Company has set up a business department to provide customers with services and answers their inquiries on the Company's products, and maintain a smooth communication channel with customers. (IX) Liability insurance for Directors and Supervisors: The Company currently has purchased liability insurance for Directors (including Independent Directors).	
IX. Please specify the Company's measures to improve the items listed in the corporate governance review result by Taiwan Stock Exchange's Corporate Governance Center and the improvement plans for items yet to be improved: None.				

Note 1: Reasons for checks of "Yes" or "No" of status should be specified in "Summary Description" column.

Note 2: **Board diversity policies and implementation:**

Diversified Core / Director's Name (All Directors Note	Basic composition				Industry experience						Professional ability		
	Nationality Nationality	Gender	Age	Independent Director Tenure Years	Steel industry	Real Estate Industry	Hotel and leisure	financial and bank	Transportation	business and mar	legal	accounting Total	risk management

1) (Independent Director Note 2)			40 | 50 years	51 | 65 years	66 | 75 years	Less than three years	6 | 9 years		Investment development	Industry	ing		keting			t
Yuan Chuan Steel Corporation Representative: Chun-Fa Huang	ROC	Male			V			V	V	V	V	V	V			V
Yuan Chuan Steel Corporation Representative: Hsiu-Mei Huang	ROC	Female			V				V	V			V			V
Yuan Chuan Steel Corporation Representative: Chun-Chao Huang	ROC	Male		V					V	V			V			V
Yuan Chuan Steel Corporation Representative: Yung-Chieh Huang	ROC	Male	V							V	V		V			V
Chengta International Investment Co., Ltd. Representative: Ta-Teng Cheng	ROC	Male			V			V			V		V		V	V
Chengta International Investment Co., Ltd. Representative: Yung-Fen Lin	ROC	Male			V									V		V
Huang-Chi Liu Independent Director	ROC	Male		V		V	V	V			V			V		V
Chih-Wei Chang Independent Director	ROC	Male		V		V		V	V		V					V
Rui-Hsiang Huang (resigned 2022.7.21) Independent Director	ROC	Male		V		V			V		V	V	V		V	V

(Note 1): None of the directors has any of the conditions specified in Article 30 of the Company Law.

(Note 2): All independent directors comply with the provisions of paragraphs 5-8, item 1, Article 3 of the measures for the establishment and compliance of independent directors of public company.

The Company has formulated the “Code of Corporate Governance", which stipulates that the composition of the Board of Directors should be diversify. In addition to the fact that the number of directors serving as the Company's manager should not exceed one-third of the total directors, the Company should formulate appropriate diversity policies according to its own operation, operation pattern and development needs, which should include but not limited to the following two standards:

I. Basic conditions and values: gender, age, nationality and culture.

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

Members of the Board of Directors shall possess the knowledge, skills and qualities necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the Board of Directors should have the following capabilities:

I. Operational judgment ability.

II. Accounting and financial analysis ability.

III. Operating ability.

IV. crisis management ability.

V. Industrial knowledge.

VI. International market view.

VII. Leadership

VIII. Decision-making ability.

The board of directors passed the establishment of "Corporate Governance Code of Conduct" during the meeting held on November 11, 2021, and the diversity guidelines have been mentioned in Chapter 3 - "Enhancement of Board Function." Furthermore, it is stated in the Articles of Incorporation that directors (including independent directors) are to be elected using the candidate nomination system. The Company also pays attention to gender equality in the composition of board members and maintains at least one female director. The Company held a re-election for its 22nd board of directors on June 14, 2022. A total of 9 directors (including 3 independent directors) were elected according to the Articles of Incorporation using the candidate nomination system. The Company currently has 8 directors in active duty (1 independent director resigned from duty on July 21, 2022 due to personal reasons, and a by-election will be held during the 2023 shareholder meeting to make up the shortfall), and one of whom is female. Amongst the directors currently in active duty, one of whom is below 50 years of age, three of whom are between 51 and 65 years of age, and four of whom are 66 and above. None of the existing independent directors has served more than 3 consecutive terms. The professional background of the members of the board of directors covers law, finance, science and technology and operation and management. They have diversified practice of production, learning and knowledge, can analyze problems from other angles and provide their professional opinions, which is of great help to the Company's business planning, management efficiency and decision-making. And appointed Huang-Chi Liu, Attorney-in-Chief of Zuo Cheng Law Firm, and Chih-Wei Chang, former General Manager of Global Technology Services, IBM Taiwan, were elected as independent directors; the two of them contribute expertise from industrial, legal, and academic perspectives. They are representatives of law to achieve the purpose of complementing and diversifying.

Accordingly, the Company has set the director's diversify management goals, and reviews and adjusts every year. The current achievements are as follows:

Diversity goal	Achievement in 2022
1. At least 50% experience in steel industry.	Achieved

2. At least 50% experience in construction industry.	Achieved
3. At least 2 directors have experience in other industries other than those mentioned above.	Achieved
4. Include at least one female director.	Achieved

Note 3:

Mayer Steel Pipe Corporation

2022 Evaluation Form for CPAs' Independence

The CPAs appointed by the Company are not the Directors, Supervisors, managers, employees, or shareholders of the Company or its affiliates, and have confirmed that their status as non-stakeholders complies with the regulations of independent judgment set forth by the competent authority.

The Company regularly evaluates (once a year) the independence of the CPAs, which have issued a statement of independence in connection with the audit work appointed.

The appointment and compensation of the financial and tax CPAs in 2022 have been approved by the Board of Directors on March 19, 2022.

Evaluation Standards for the Independence of CPAs		
Evaluation Item	Evaluation Results	Fulfillment of Independence?
1. Do the CPAs have a direct or significant indirect financial interest in the Company.	No	Yes
2. Are the CPAs engaged in any financing or assurance activities with the Company or its Directors	No	Yes
3. Do the CPAs have close business relationships or potential employment with the Company	No	Yes
4. Did the CPAs and their audit team members currently or in the last two years hold any directorships, managerial positions, or positions of significant influence over the audit work of the Company	No	Yes
5. Did the CPAs provide non-audit services for the Company that would have a direct impact on the audit?	No	Yes
6. Did the CPAs broker any shares or other securities issued by the Company?	No	Yes
7. Does the CPA act as the defender of the Company or on behalf of the Company to coordinate conflicts with other third parties?	No	Yes
8. Are the CPAs relatives to any of the Directors, managers, or persons of significant influence over the audit work of the Company?	No	Yes
9. Did the CPAs receive any contingent fees in connection with the	No	Yes

audit?		
10. Has the accountant not been replaced in seven years since the most recent audit?	No	Yes

Note 4: Advanced Training for Corporate Governance Officer:

No.	Training Institutions	Course Subject	Training Period		Training Hours
			Start Time	End Time	
1	Taiwan Investor Relations Institute	Blockchain and Effect on Businesses	2022/08/10	2022/08/10	3
2	Organizer of Seminar on Sustainability Roadmap for Industries	Seminar on Sustainability Roadmap for Industries	2022/07/06	2022/07/06	2
3	Taiwan Investor Relations Institute	Corporate Management, Media, and PR Strategies	2022/11/09	2022/11/09	3
4	Securities & Futures Institute	Case Study on Financial Statement Fraud	2022/12/14	2022/12/14	3
5	Securities & Futures Institute	Challenges and Opportunities of Sustainable Development Roadmap and Introduction to Greenhouse Gas Survey	2022/12/14	2022/12/14	3

(IV) Establishment, composition, duties, and operations of the Remuneration Committee:

1. The Company's Remuneration Committee was established on December 26, 2011 and composed of 3 members.

1. The Committee shall exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the Board of Directors for discussion. However, suggestions for the remuneration of Directors may be submitted for deliberation by the Board of Directors only when the Board of Directors is expressly authorized to handle the independent directors' remuneration in the Company's Articles of Association or by a resolution of the shareholders' meeting:

(1) Periodically review the Remuneration Committee Charter and making recommendations for amendments.

(2) Regularly review the Directors and senior management's performance evaluation in conjunction with the remuneration policies, system, standards, and structure.

(3) Regularly evaluate the remuneration paid to Directors and managers.

2. The Remuneration Committee shall perform the functions referred to in the preceding paragraph in the following manners:

(1) For the performance evaluation and remuneration of Directors and managers, the Remuneration Committee shall take into account the usual level of remuneration in the same industry and consider the rationality of the correlation between remuneration and individual performance, business performance and future risks.
(2) There shall be no incentive for the Directors or managers to pursue compensation by engaging in activities that exceed the tolerable risk level of this Corporation.
(3) For Directors and senior managers, the percentage of compensation to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of the Company's business.

3. The remuneration mentioned in the preceding two paragraphs includes cash remuneration, warrants, bonus and stock ownership, retirement benefits or severance pay, various allowances and stipends, and other substantive incentive measures; and it shall be consistent with the remuneration paid to Directors and managers recorded in the Rules for Records in Annual Report of Public Companies.
4. When the Board of Directors discuss the Committee's suggestions, it shall consider the amount of remuneration, payment methods, and the Company's future risks comprehensively.
5. If the Board of Directors does not accept or amends the recommendations of the Committee, it shall require a majority vote at a meeting attended by over two-thirds of the Directors. An explanation shall be provided in the resolution based on the aforementioned overall considerations and specifics and whether the remuneration passed in the resolution is superior to the recommendations of the Committee.
6. If the remuneration passed in the Board of Directors meeting is superior to the recommendations of the Committee, the differences and causes shall be recorded in the meeting minutes of the Board of Directors and published on an information reporting website designated by the competent authority within two days of the meeting.

(1) Information on the Members of the Remuneration Committee

April 9, 2023

Criteria / Identity (Note 1) / Name	Professional Qualifications and Experience	Independence Criteria (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member

Independent Director (Remuneration Committee Convenor)	Huang-Chi Liu	●Six years of experience as an independent director of the Board of Directors of the Company ●Leadership experience in functional committee ●Members of the Board of Directors of other listed companies ●Professional experience (Accounting / Management)	Fulfillment of Independence	None
Independent Director	Chih-Wei Chang	●Experience as the Company's independent director ●Experience in functional committee ●Professional experience (risk/administration)	Compliance of independence	None
Remuneration Committee member	Shu-Tzu Chen	●Multiple years of experience as independent director in another TWSE/TPEX listed company ●Leadership experience in functional committee ●Board member in another listed company ●Professional experience (accounting/risk/administration)	Compliance of independence	None

Note 1: The remuneration committees are all independent directors, please refer to the relevant attached table of directors' information.

Note 2: Independence Criteria

The remuneration committee members meet the following conditions during the two years prior to the nomination and during the term of office,

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

(2) Not a Director or Supervisor of the Company's affiliates. Not applicable in cases where the person is an independent director of the Company's parent company or any subsidiary appointed in accordance with the Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies or other local laws and regulations.

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

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.

(5) Not a Director, Supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings or any of the authorized representatives of a company referred to in Paragraphs I and II of Article 27 of the Company Act. However, the aforementioned does not apply to Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(6) Not a Director, Supervisor, or employee of other company who has a majority of the Company's Director seats or voting shares and those of any other company are controlled by the same person.

(7) Not a Director (or governor), Supervisor, or employee of other company or institutions who is the Chairman, President, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses. The aforementioned does not apply to Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(8) Does not have financial or business relationships with the Company or with Directors (executive), Supervisors, managers, or major shareholders with over 5% shareholdings (but specific companies or institutions with 20% of issued shares held, but no more than 50%, and are a related company to the parent, subsidiary, or associated company in accordance to local rules & regulations, as Independent Directors of related companies, are excluded).

(9) Does not provide the Company or associated companies with auditing or in the past 2 years, obtained compensation cumulated over NT$500,000 in business, legal, financial, accounting services, by professionals, sole proprietorships, partnerships, companies, or institutional owners, partners, Directors, Supervisors, managers, and spouses. However, remuneration committee, M&A audit committee members, established in accordance with local securities regulations or mergers & acquisition regulations, are not included.

(10) Matters under Article 30 of the Company Law are not found.

(2) Operations of the Remuneration Committee

I. There are a total of 3 members in the Remuneration Committee.

II. The 5th Remuneration Committee: From June 14, 2022 to June 13, 2025, 3 (A) Remuneration Committee meetings were held in 2022. The information and attendance of the members were as follows:

Title	Name	Attendance in Person (B)	By Proxy Times	Attendance Rate in Person (%) (B/A) (Note)	Note
Convener	Chih-Ling Chen	2	0	100	(former member; re-elected 2022/06/14)
Committee member	Ching-Chuan Luo	2	0	100	(former member; re-elected 2022/06/14)
Convener	Huang-Chi Liu	3	0	100	(existing member; re-elected 2022/06/14)
Committee member	Chih-Wei Chang	1	0	100	(new member; re-elected 2022/06/14)
Committee member	Rui-Hsiang Huang	1	0	100	(new member; re-elected 2022/06/14 and resigned on 2022/07/21)

Committee member	Shu-Tzu Chen	0	0	0	(re-appointed 2022/10/20)

Other mentionable items:

一、 If the Board of Directors disapproves or revises the recommendations of the Remuneration Committee, the date and term of the Board of Directors, the content of the proposal, the result of the Board resolution and the Company's response to the opinions of the members of the Remuneration Committee shall be clearly stated (if the Board of Directors approved a compensation plan that is better than the plan recommended by the Remuneration Committee, the differential and the reason shall be stated): All approved.

二、 When any of the members of the Remuneration Committee holds objection or reservation to a resolution and such objection or reservation is on record or raised through a written statement, the date, term, content of proposals, opinion from every member and the Company's response to the members' opinions shall be provided in detail:
: None.

III. Operational of the Remuneration Committee in the Latest Year:

Date	Session	Proposals	Members' Opinions and Resolution	The Company's Response of the Remuneration Committee's Opinion
2022.1.21	The 4th committee The 9th meeting	Review and approval of 2021 year-end bonus for managers of Mayer Steel Pipe.	Agreed and passed by all attending committee members.	Agreed and passed
2022.3.22	The 4th committee The 10th meeting	Review and approval of 2021 remuneration for employees and directors of Mayer Steel Pipe.	Agreed and passed by all attending committee members.	Agreed and passed
		Review and approval of pension contribution for managers of the Company.	Agreed and passed by all attending committee members.	Agreed and passed
2022.7.1	The 5th committee The 1st meeting	Election of convener for the 5th Remuneration Committee.	Agreed and passed by all attending committee members.	Agreed and passed
2023.1.9	The 5th committee The 2nd meeting	Review and approval of 2022 year-end bonus projections for managers of the Company.	Agreed and passed by all attending committee members.	Agreed and passed

2023.3.13	The 5th committee The 3rd meeting	Review and approval of 2022 remuneration for employees and directors of the Company. .	Agreed and passed by all attending committee members.	Agreed and passed
		Review and approval of pension contribution for managers of the Company.	Agreed and passed by all attending committee members.	Agreed and passed

IV. Regularly review the remuneration policies

(1). The Committee shall exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the Board of Directors for discussion. However, suggestions for the remuneration of Supervisors may be submitted for deliberation by the Board of Directors only when the Board of Directors is expressly authorized to handle the Supervisors' remuneration in the Company's Articles of Association or by a resolution of the shareholders' meeting:

1. Periodically review the Remuneration Committee Charter and making recommendations for amendments.
2. Regularly review the Directors and senior management's performance evaluation in conjunction with the remuneration policies, system, standards, and structure.
3. Regularly evaluate the remuneration paid to Directors and managers.

(II) The Remuneration Committee shall perform the functions referred to in the preceding paragraph in the following manners:

1. Compensations paid to the Directors of the Company include (1) Salary, (2) Directors' Compensation, and (3) Business Expenses.

(1) Salary is mainly salaries paid to Directors. Pursuant to Article 21 of the Company's Articles of Association, the Board of Directors is authorized to pay and determine the remuneration according to the degree of participation and contribution value of Directors, and make regular evaluation with reference to the director's performance evaluation method (for example, the mastery of the company's objectives and tasks, the degree of participation in the company's operation, the operation and communication of internal relations, and the professional contribution of directors), outcome of 2022 board of directors performance evaluation: the board scored 4.52 (based on external performance evaluation) whereas individual board members scored an average of 4.78 (based on self-assessment) The Board of Directors scored 4.59 and the average self-evaluation score of the board members was 4.8, all of which scored good or above, with reference to the industry standards.

(2) Directors' compensation is paid in accordance with Article 40 of the Company's Articles of Association. If there are earnings for the year, no more than 3% shall be set aside for the Directors' compensation. Therefore, it is highly relevant to the Company's operating performance.

(3) Business expenses refer mainly to commuting expenses.

2. Remuneration paid to the managers of the Company (including the President and Vice President) includes (1) Salary, (2) Pension, (3) Bonus, and (4) Employees' Compensation. In addition to salaries and pensions (including the remuneration to General Manager and Vice Manager) is based on the Company's operating performance. Article 40 of the

Company's Articles of Incorporation stipulates that 1% to 5% of

the Company's annual profit shall be allocated to employee compensation.

Taking into account the manager's performance evaluation, which includes financial indicators: the Company's revenue, net profit before tax and net profit after tax attainment rates, the Company's performance bonus calculation and distribution method (the following paragraphs): calculation (1). Performance bonus based on shipment calculation. =A+B+C+D (A. Total tonnage of carbon steel pipe, B. Total tonnage of stainless steel pipe, C. Total tonnage of carbon steel plate, D. Total tonnage of stainless steel plate; Calculated based on operating profit; (2) Monthly operating profit before directors' and employees' remuneration*2%. Total amount of performance bonus = (1)+(2). The bonus multiples for executives are different according to the supervisor level. After being reviewed by the factory manager, it will be reported to the Company for distribution before the 25th of the following month.

Non-financial indicators: such as the manager's ethical risk or other risk events that may adversely affect the Company's image and goodwill, internal mismanagement, personnel misconduct, or significant deficiencies in compliance with laws and regulations and operational risks of the departments under his or her supervision for appropriately adjustment and allocation. Such amount is also regularly evaluated by the Company's Remuneration Committee. Therefore, it is highly relevant to the Company’s operating performance.

(III) The remuneration mentioned in the preceding two paragraphs includes cash remuneration, warrants, bonus and stock ownership, retirement benefits or severance pay, various allowances and stipends, and other substantive incentive measures; and it shall be consistent with the remuneration paid to Directors and managers recorded in the Rules for Records in Annual Report of Public Companies.

(4) When the Board of Directors discuss the Committee's suggestions, it shall consider the amount of remuneration, payment methods, and the Company's future risks comprehensively.

(5). If the Board of Directors does not accept or amends the recommendations of the Committee, it shall require a majority vote at a meeting attended by over two-thirds of the Directors. An explanation shall be provided in the resolution based on the aforementioned overall considerations and specifics and whether the remuneration passed in the resolution is superior to the recommendations of the Committee.

(6). If the remuneration passed in the Board of Directors meeting is superior to the recommendations of the Committee, the differences and causes shall be recorded in the meeting minutes of the Board of Directors and published on an information reporting website designated by the competent authority within two days of the meeting.

Note 1: Where an Member of the Remuneration Committee may be relieved from duties before the end of the fiscal year, please specify the date of his/her discharge in the `Remarks" Section. His/her actual attendance rate (%) shall be calculated on the basis of number of Remuneration Committee meetings held during his or her tenure and number of such meetings attended.

Note 2: Where an election may be held for filling the vacancies of Remuneration Committee before the end of the fiscal year, please list out both the new and the discharged committee members, and specify if they are former members or newly elected, re-elected, and the date of the re-election His or her attendance rate (%) will be calculated on the basis of number of Remuneration Committee meetings held during his or her tenure and number of such meetings attended.

(V) Implementation of Promoting Sustainable Development and Deviations from Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations:

The Company has always regarded employee care and fulfilling its social responsibility as its corporate responsibility for sustainable operation, and regularly contributes to the community, such as donations to public welfare organizations and charities.

Promote projects	Implementation Status (note 1)			Deviations from Corporate Sustainable DevelopmentBest-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	Summary Description (Note 2)	
I. Has the Company established a dedicated unitor appointed a unit for promoting CSR? Is the unit authorized by the Board of Directors to implement CSR activities at upper management levels? Does the unit supervised by the Board of Directors?		ˇ	Under discussion by the Company.	In the future, the Company will handle such issues in a timely manner according to actual needs and the laws and regulations.
II. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy? (Note 2)		✓	Define various risks according to the Company's operating policies, prevent possible losses within the scope of acceptable risks, so as to increase the company's value and optimize the resources allocation. The risk management organizational structure of the Company includes the Board of Directors, the Risk Management Committee, various Departments and the Audit Office. Perform appropriate risk assessment in accordance with risk management policies and procedures.	The Company will expand the assessment of environmental, social and corporate governance issues related to the Company's operation in the future。
III. Environmental Topics (I) Has the Company set an environmental management system designed to industry characteristics? (II) Does the Company committed to upgrading the efficient use of available resources and using environmental-	✓ ˇ		(1) The Company's factories have established environmental management measures. (II) The Company has completed the construction of Phase I and II of the solar power plant and is committed to improving the	(I) No deviation. (II) No deviation.

Promote projects	Implementation Status (note 1)			Deviations from Corporate Sustainable DevelopmentBest-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	Summary Description (Note 2)	
friendly materials?			efficiency of the utilization of various resources and achieving waste reduction targets to reduce the impact on the environment. In terms of daily operations, the air compressor and air connection system should be replaced by the air compressor with high energy consumption and integrate the factory service air system, replace power-saving bulbs with mercury bulbs in workshops, the office advocates saving paper, electricity and water consumption, and recycling of resources.	
(III) Has the Company evaluate d the current and future potential risks and opportunities of climate change, and adopted countermeasures related to climate issues?		ˇ	(III) Under discussion by the Company.	(III) In the future, the Company will handle such issues in a timely manner according to actual needs and the laws and regulations.
(IV) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set greenhouse gas emissions reduction, water usage reduction and other waste management policies?	ˇ		(IV) The Company has obtained ISO-14001 certification and has established a manual for water and electricity conservation, a manual for waste management, and a manual for wastewater operations at the main plant.	(IV) No deviation.
IV. Social Topics (I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(a) The Company has established work rules in accordance with the Labor Standards Act and relevant government regulations, which was approved by the government, to ensure the rights and obligations of employees.	(I) No deviation.
(II) Has the Company formulated and implemented reasonable employee welfare measures (including remuneration, rest and annual leave, and other benefits), and appropriately reflected the operating performance or achievements in the employee remuneration?	✓		(II) The Employee Welfare Committee was established in October 1965. Since then, all operations have been carried out in accordance with the Employee Welfare Committee Charter. The welfare are as follows: (1) Bonus: overtime, festival bonus, employee birthday bonus, year-end bonus , performance bonus. (2) Leave: two days off per week, paternity leave for male employees, parental leave, menstrual leave, annual leave (3) Insurance: labor insurance, health insurance, accident insurance, employee/dependent group insurance, employee body check, employee indemnity, pension	(II) No deviation.

<table>
<tr><th rowspan="2">Promote projects</th><th colspan="3">Implementation Status (note 1)</th><th rowspan="2">Deviations from Corporate Sustainable DevelopmentBest-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description (Note 2)</th></tr>
<tr><td></td><td></td><td></td><td>(4) Food and beverage: employee meals allowance, missed meals allowance
(5) Clothing: employee uniforms
(6) Transportation: employee parking spaces or parking subsidies, transportation subsidies for business trips
(7) Entertainment: domestic travel, travel vouchers
(8) Subsidies: marriage subsidy, childbirth subsidy, education subsidy for children, in-service education and training, retirement planning (including pension and post-retirement benefits), funeral subsidy
(9) Employee compensation: 1-5% of the earnings is distributed as employee compensation in accordance with the Articles of Association
(10) Welfare bonus: 0.07% of the net profit, 27% of the revenue from the sale of scraps, and 0.5% of the monthly base salary are given as the monthly bonus.
The Company holds regular labor-management meetings in accordance with the Regulations for Implementing Labor-Management Meeting.
The Company has set up a labor suggestion box to collect employees' suggestions and expand communication channels.</td><td></td></tr>
<tr><td>(III) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?</td><td>✓</td><td></td><td>(III) The Company has obtained OHSAS-18000 and ISO45001 certifications, and has established safety and health work rules and an occupational safety and health management plan, and has set up a labor safety and health committee in accordance with regulations to ensure the safety and health of the operating environment during production and to prevent labor disasters.
<table><tr><th>Factory</th><th>Number of training</th><th>Training Hours</th></tr><tr><td>Pu-Hsin Factory</td><td>611</td><td>611</td></tr><tr><td>Youth-Shih Factory</td><td>19</td><td>200</td></tr></table>The company has a fire prevention management committee to prevent the occurrence of fire, earthquake and other disasters in order to protect human life and reduce injuries, and regularly arrange fire</td><td>(III) No deviation.</td></tr>
</table>

<table>
<tr><th rowspan="2">Promote projects</th><th colspan="3">Implementation Status (note 1)</th><th rowspan="2">Deviations from Corporate Sustainable DevelopmentBest-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description (Note 2)</th></tr>
<tr><td></td><td></td><td></td><td>prevention training for employees.
3. Number of occupational disasters in 2022
<table><tr><th>Factory</th><th>Male</th><th>Female</th></tr><tr><td>Pu-Hsin Factory</td><td>3</td><td>0</td></tr><tr><td>Youth-Shih Factory</td><td>2</td><td>0</td></tr></table></td><td></td></tr>
<tr><td>(IV) Has the Company established effective career development training programs for its employees?</td><td>✓</td><td></td><td>(IV) In order to encourage employees to pursue continuous education and enrich their knowledge, we have formulated the "Employee On-the-job Training Incentive Program"; and in line with the company's long-term business policy, we have formulated the training and development program for supervisors, which is categorized according to professional, supervisory and management personnel to increase their management and professional abilities to help employees' promotion. (Schedule of on-the-job training of labor relations in the operation status of the annual report)</td><td>(IV) No deviation.</td></tr>
<tr><td>(V) Does the Company's product and service comply with related regulations and international rules for such as customers' health and safety, privacy, sales, labelling and set policies to protect consumers' rights and consumer appeal procedures?</td><td>ˇ</td><td></td><td>(V) The Company's products are in compliance with relevant laws and regulations and international standards.</td><td>(V) No deviation.</td></tr>
<tr><td>(VI) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?</td><td></td><td>✓</td><td>(VI) Under discussion by the Company.</td><td>(VI) In the future, the Company will handle such issues in a timely manner according to actual needs and the laws and regulations.</td></tr>
<tr><td>V. Does the Company refer to international reporting rules or guidelines to publish CSR to disclose non-financial information of the Company? Has the said Report acquire third party certification party verification or statement of assurance?</td><td></td><td>✓</td><td>The Company has not prepared any report disclosing non-financial information of the Company, such as the CSR report.</td><td>In the future, the Company will handle such issues in a timely manner according to actual needs and the laws and regulations.</td></tr>
</table>

<table>
<tr><td rowspan="2">Promote projects</td><td colspan="3">Implementation Status (note 1)</td><td rowspan="2">Deviations from Corporate Sustainable DevelopmentBest-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary Description (Note 2)</td></tr>
<tr><td colspan="5">VI. If the Company has established corporate sustainable development principles based on the Corporate Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies, please describe the implementation and any deviations from the Principles: Not applicable (not yet formulated by the Company).</td></tr>
<tr><td colspan="5">VII. Other important information to facilitate better understanding of the Company's promotion of sustainable development implementation: None.</td></tr>
</table>

Note 1: If Implementation Status is specified "Yes," please explain the key policies, strategies and measures taken and the current progress; if Implementation Status is specified "No," please specified in “Deviations from Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations” column and provide reasons and explain any policy, strategy and measure planned for the future.

Note 2: Materiality principle refers to environmental, social and corporate governance issues that are of material impact to the Company's investors and stakeholders.

(VI) Ethical Corporate Management

Please visit the Market Observation Post System and the Company's website (Http:/www.mayer.com.tw) to gain a better understanding on the Company's information and announcements.

Evaluation Items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	Summary	
I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				
(I) Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	✓		(I) The Company has established the "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", "Guidelines for the Adoption of Codes of Ethical Conduct" and other self-regulatory rules, and the "Code of Ethical Conduct", which is established in accordance with the laws and regulations, stipulates the ethical standards and rules of conduct to be followed by Directors and managers in the performance of their duties.	(I) No deviation.
(II) Has the Company developed systematic practices for assessing integrity risks? Does the Company perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and implement preventions against dishonest conducts that include at least the measures mentioned in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	✓		(b) The Company's internal audit department also audits the compliance of the Company, contractors, suppliers and customers with relevant laws and regulations at all times.	(II) No deviation.
(III) Has the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?	✓		(III) The Company requires all employees to inform themselves that there is a conflict of interest or possible conflict of interest and other ethical concerns in the Company. Important employees and senior management must regularly check their own compliance with this requirement. The Company requires suppliers, contractors, and other affiliates to provide written commitment that they will not conduct illegal business activities and bribes.	(III) No deviation.
II. Implementation of ethical corporate management				

<table>
<tr><th rowspan="2">Evaluation Items</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(I) Does the Company evaluate business partners’ ethical records and include ethics-related clauses in the business contracts signed with the counterparties?</td><td>✓</td><td></td><td>(I) The Company has an internal code of work and the regulation of reward/punishment to avoid unethical behaviors. The Company selects the suppliers based on the principles of integrity and fairness to seek the most competitive and ethical supplier. It is prohibited to take commissions or other improper rewards from the suppliers.</td><td>(I) No deviation.</td></tr>
<tr><td>(II) Has the Company established an exclusively (or concurrently) dedicated unit under the BOD to implement ethical corporate management, and report to the BOD on a regular basis (at least once per year) on ethnic operation policies as well as precautionary measures against unethical conduct and their implementation information?</td><td>✓</td><td></td><td>(II) The Company's dedicated unit for ethical management is the Legal Affairs Department, which is responsible for promoting ethical corporate management policies and prevention plans, handling the revision, implementation, interpretation and consultation services of the “Company's Ethical Corporate Management Best Practice Principles” and the “Company's Procedures for Ethical Management and Guidelines for Conduct”, and reporting the implementation to the Board of Directors at least once a year.
The promotion and implementation of the “Company's Ethical Corporate Management Policy" in 2022 has been reported to the 5th meeting of the 22nd Board of Directors on November 9, 2022.
The implementation of ethical management in 2022 is as follows:
<table>
<tr><td>Education Training</td><td>1. A total of 94 employees participated in the education, training and publicity of ethical corporate management. (Target: directors, managers, department heads and staff).
2. A total of 94 employees participated in the education, training and publicity of prevention of intertransaction. (Target: directors, managers, department heads and staff).</td></tr>
<tr><td>Confidentiality</td><td>A total of 12 administrative employees have signed the Confidentiality Agreement in 2022.</td></tr>
<tr><td>Risk Analysis</td><td>Propose countermeasures to waste disposal, noise, legal, information security and other risks.</td></tr>
<tr><td></td><td>Accusation Method
E-mail: audit@mayer.com.tw</td></tr>
</table></td><td>(II) No deviation.</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Items</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td>Publicity</td><td>Accusation tel: (02) 2509-1199 call transfer Auditor legal supervisor extension.
Letter of Accusation: Audit Supervisor, 12th floor, No. 1, Section 3-2, Minquan East Road, Taipei.</td></tr></table></td><td></td></tr>
<tr><td>(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?</td><td>✓</td><td></td><td>(III) The Company requires its Directors and managers to avoid the involvement of their relatives within the third degree of kinship in the overall interests of the Company's operations in order to prevent conflicts of interest. In addition, the Directors shall recuse themselves from the discussion and voting on the proposals listed in the Board of Directors meeting if they have an interest in themselves or the legal person they represent.</td><td>(III) No deviation.</td></tr>
<tr><td>(IV) Has the company established an effective accounting system and internal control system to facilitate ethical corporate management, which are audited by either internal auditors or certified public accountants on a regular basis?</td><td>✓</td><td></td><td>(4) To ensure ethical operation, the Company has established effective accounting and internal control systems. Internal auditors review all kinds of business and report the results to the Board of Directors.</td><td>(IV) No deviation.</td></tr>
<tr><td>(V) Does the Company regularly hold internal and external educational trainings on ethical corporate management?</td><td>✓</td><td></td><td>(V) The Company's dedicated unit should hold an internal publicity once a year, and arrange the chairman, general manager or senior management to convey the importance of integrity to directors, employees and appointees. Make them fully understand the norms of the ethical corporate management. Relevant education and training courses shall be held as required. The internal and external education and training of ethical corporate management held by the Company in 2022 are as follows:
1. Internal - education, training and publicity of ethical corporate management:
(1) Course content - the establishment of the Company's ethical culture, staff's character and integrity, and corporate governance.
(2) Target- directors, managers, department heads and employees.
(3) Number - 94.
(4) Total hours – 28.2.</td><td>(V) No deviation. In the future, the Company will handle such issues in a timely manner according to actual needs and the laws and regulations.</td></tr>
</table>

Evaluation Items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	Summary	
			2. Internal - education, training and publicity of prevention of intertransaction: (1) Course content - What is intertransaction, the regulated object of intertransaction, the scope of major information, the clear time and place of major information, the time, place and method of disclosure, case sharing, and the penalties for intertransaction. (2) Target- directors, managers, department heads and employees. (3) Number - 94. (4) Total hours - 12.57 3. External Training: (21 In November 2022, 8 directors of the Company took part in the "Corporate Management, Media, and PR Strategies" organized by Taiwan Investor Relations Institute. The course ran for 3 hours and covered topics relating to business integrity..	
III. Grievance System (I) Does the Company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party? (II) Does the Company establish standard operation procedures for investigating the complaints received and ensuring such complaints are handled in a confidential manner? (III) Does the Company provide protection to whistleblowers against receiving improper treatment?	✓ ✓ ✓		(I) Employees or suppliers of the Company may notify the Company's authorized department of any breach of integrity by telephone, e-mail or letter. (II)The Company formulates the "Accusation Measures" to deal with relevant matters, and undertakes to protect the prosecutor from improper disposal. For related content, please refer to the Company website: http://www.mayer.com.tw/2014/07/blog-post_34.html (III) The Company shall strictly adhere to the principle of confidentiality for receiving complaints. Any person who discloses the complaint without the consent of the complainant shall be punished in accordance with the Company's regulations.	(I) No deviation. (II) No deviation. (III) No deviation.
IV. Enhancing Information Disclosure Has the Company disclosed its ethical corporate management policies and results of implementation on the company's website	✓		The Company has disclosed the "Ethical Corporate Management Best Practice Principles" and its ethical management on the	No deviation.

Evaluation Items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	Summary	
and the Market Observation Post System?			Company's website (http://www.mayer.com.tw/2014/07/blog-post_34.html) and the Market Observation Post System.	
V. If the Company has established ethical management principles based on "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the principles and their implementation: The Company formulated the "Procedures for Ethical Management and Guidelines for Conduct" pursuant to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", and there is no discrepancy between the two principles.				
VI. Other important information to facilitate a better understanding of the Company's ethical corporate management (e.g., review of and amendments to ethical corporate management policies): None.				

Note 1: Reasons for checks of "Yes" or "No" of status should be specified in "Summary Description" column.

(VII) The Company's Corporate Governance Best Practice Principles and related rules and regulations are available at:

The Company has established a "Corporate Governance Best Practice Principles", which is available in the "Corporate Governance" section under "Investors" section of the Company's website for shareholders' reference.

(VIII) Other important information to enhance the understanding of the operation of corporate governance.

1. Comply with the spokesperson system and strictly implement the spokesperson system so that information can be disclosed and released correctly and transparently.
2. Actively arrange educational courses for Directors in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies".
3. The Company complies with the internal control system, and the Chief Auditor is in charge of inspection or verification. The management also holds regular management meetings to review the major deficiencies and improvements of each department to fulfill the spirit of corporate governance.

(IX) Disclosure of internal control system:

1. Statement on Internal Control System

Mayer Steel Pipe Corporation
Statement on Internal Control System

Date: March 13, 2023

The Company hereby states the results of the self-evaluation of the internal control system for 2022 as follows:

I. The Company understands that the Board and management of the Company are responsible for establishing, implementing and maintaining adequate internal control. The Company has established an effective internal control system which aims to reasonably assure the operational results and effectiveness (including profitability, performance and assets security, etc.), the reliability, timeliness and transparency of its report and the compliance with applicable laws and regulations.

II. Due to its inherent limitations, an effective internal control system can only reasonably ensure the achievement of the three objectives above, no matter how complete and perfect the design of the system is. Besides, the effectiveness of the internal control system may vary due to changes in the environment or conditions. However, the Company has set up a self-monitoring mechanism on the internal control system, which allows the Company to take corrective actions as soon as any error or inadequacy is identified.

III. The Company has assessed the design and operating effectiveness of the internal control system in accordance with the criteria effectiveness assessment of internal control system, listed in the Framework for the Establishment of Internal Control System by Public Companies (the "Framework"). The criteria listed in the Framework divides the internal control system into five components based on the management control process. The five components are 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communication, and 5. Monitoring. Each component comprises of several elements. For more information, please refer to the Framework.

IV. We have assessed the design and operating effectiveness of the Company's internal control system based on the criteria listed in the Framework.

V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2022, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.

VI. This statement will be included as an integral part of the Annual Report and the prospectus of the Company and be disclosed to the public. Any false or fraudulent representations and concealment of information in this statement shall be subject to the legal liabilities prescribed by Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.

VII. This statement was approved by the Board of Directors on March 13, 2023. None of the seven attending Directors objected to it and the rest approved the content expressed in this statement.

Mayer Steel Pipe Corporation

	Chairman:	Signature
	President:	Signature

2. A separate audit report shall be disclosed where an independent registered public accounting firm has reviewed the Company's internal control system: None.

(X) Sanctions imposed on the Company or its personnel in accordance with the laws, or disciplinary actions taken by the Company against its personnel for any violation of internal control rules in the most recent year and up to the date of publication of the Annual Report, as well as details of the sanctions, major deficiencies and subsequent improvements: None.

(XI) Major Resolutions of Shareholders' Meeting and Board of Directors Meetings in the Most Recent Year and Up to the Date of Publication of the Annual Report:

1. June 14, 2022 - Material resolutions of the 2022 General Shareholders' Meeting and the execution:

Date	Proposals at the Shareholders' Meeting	Resolution	Implementation Status
2022.6.14	1. Acknowledged the Company's 2021 year-end accounts.	Based on the number of votes exercised on-site and using the electronic method, the motion had 170,114,992 votes in favor (of which 119.066,106 were exercised through electronic method), 7,889 votes against (of which 7,889 were exercised through electronic method), and 3,859,531 votes abstained (of which 3,859,531 were exercised through electronic method). The motion had 97.77% of votes in favor (out of a total of 173,982,412 votes represented by attending shareholders) and was approved as proposed.	Year-end accounts were acknowledged as per shareholders' resolution.
	2. Acknowledgment of the Company's 2021 earnings distribution proposal.	Based on the number of votes exercised on-site and using the electronic method, the motion had 170,327,952 votes in favor (of which 119,279,066 were exercised through electronic method), 9,884 votes against (of which 9,884 were exercised through electronic method), and 3,644,576 votes abstained (of which 3,644,576 were exercised through electronic method). The motion had 97.89% of votes in favor (out of a total of 173,982,412 votes represented by attending shareholders) and was approved as proposed.	The earnings distribution proposal was acknowledged as per shareholders' resolution. During the meeting held on April 22, 2022, the board of directors resolved to set the cash dividend baseline date at June 24, 2022 and the cash dividend payment date at July 8, 2022.

	3. Passed amendments to the Company's "Articles of Incorporation."	Based on the number of votes exercised on-site and using the electronic method, the motion had 170,306,612 votes in favor (of which 119,257,726 were exercised through electronic method), 8,966 votes against (of which 8,966 were exercised through electronic method), and 3,666,834 votes abstained (of which 3,666,834 were exercised through electronic method). The motion had 97.88% of votes in favor (out of a total of 173,982,412 votes represented by attending shareholders) and was approved as proposed.	The "Articles of Incorporation" was amended as resolved in shareholder meeting.
	4. Passed amendments to the Company's "Directors Election Policy."	Based on the number of votes exercised on-site and using the electronic method, the motion had 170,307,608 votes in favor (of which 119,258,722 were exercised through electronic method), 28,968 votes against (of which 28,968 were exercised through electronic method), and 3,645,836 votes abstained (of which 3,645,836 were exercised through electronic method). The motion had 97.88% of votes in favor (out of a total of 173,982,412 votes represented by attending shareholders) and was approved as proposed.	The "Directors Election Policy" was amended as resolved in shareholder meeting.
	5. Passed amendments to the Company's "Shareholder Conference Rules."	Completed election of directors; a total of 9 directors (including 3 independent directors) were elected.	The "Shareholder Conference Rules" were amended as resolved in shareholder meeting.
	6. Passed amendments to the Company's "Asset Acquisition and Disposal Procedures."	Based on the number of votes exercised on-site and using the electronic method, the motion had 170,352,605 votes in favor (of which 119,303,719 were exercised through electronic method), 10,970 votes against (of which 10,970 were exercised through electronic method), and 3,618,837 votes abstained (of which 3,618,837 were exercised through electronic method). The motion had 97.91% of votes in favor (out of a total of 173,982,412 votes represented by attending shareholders) and was approved as proposed.	The "Asset Acquisition and Disposal Procedures" were amended as resolved in shareholder meeting.

	7. Election of the Company's 22nd board of directors.	List of elected directors: Chun-Fa Huang, Chun-Chao Huang, Hsiou-Mei Huang, Yung-Chieh Huang, Ta-Teng Cheng, and Yung-Fen Lin. List of elected independent directors: Huang-Chi Liu, Chih-Wei Chang, and Rui-Hsiang Huang.	9 directors were elected according to the Articles of Incorporation.
	8. Removal of non-compete clause for new directors of the Company	Based on the number of votes exercised on-site and using the electronic method, the motion had 170,225,714 votes in favor (of which 119,176,828 were exercised through electronic method), 96,209 votes against (of which 96,209 were exercised through electronic method), and 3,660,489 votes abstained (of which 3,660,489 were exercised through electronic method). The motion had 97.84% of votes in favor (out of a total of 173,982,412 votes represented by attending shareholders) and was approved as proposed.	Non-compete clause was removed for new directors of the Company as resolved in shareholder meeting.

2. Significant board of directors resolutions made in the last financial year, up until the publication date of annual report:

Board of Directors	Date	Major Resolutions (Summary)
The 21st board The 28th meeting	2022.1.21	1. Discussion of the Company's 2022 business plan. 2. Proposal to lend seventeen million New Taiwan Dollars to Ting Pang Development Co., Ltd. 3. Proposal to have the Company subscribe to the cash issue of 100%-held subsidiary - Mayer Inn Corporation. 4. Amendments to the Company's "Subsidiaries Supervision Policy." 5. Payment of managers' 2021 year-end bonus.
The 21st board The 29th meeting	2022.3.22	1. Presentation of the Company's 2021 "Declaration of Internal Control System." 2. With regards to the acquisition of debts from Beautiful Window Enterprise Co., Ltd. that the board of directors had previously resolved during the meeting held on November 5, 2021, a proposal was raised to proceed with the transaction as a lending of capital instead of debt acquisition. 3. Review of the Company's 2021 business report, separate financial statements, and consolidated financial statements. 4. Allocation of 2021 employee remuneration and director remuneration. 5. Amendments to the Company's "Articles of Incorporation." . 6. Amendments to the Company's "Directors Election Policy." 7. Amendments to the Company's "Shareholder Conference Rules."

		8. Amendments to the Company's "Asset Acquisition and Disposal Procedures." 9. Proposal to convene the Company's 2022 annual general meeting on June 14, 2022. 10. Discussion regarding the acceptance of shareholders' proposals for the 2022 annual general meeting. 11. Discussion regarding the acceptance of shareholders' nominations for director (including independent director) candidates for the 2022 annual general meeting. 12. Election of the Company's 22nd board of directors. 13. Discussion regarding the removal of non-compete clause for newly elected directors. 14. Review on the regular assessment of financial statement auditors' independence and suitability. 15. Appointment and compensation of the Company's financial statement auditors for 2022. 16. Pension contribution (severance pay) for managers of the Company. 17. Proposal to have the Company apply for credit facilities totaling One Hundred and Seventy Million New Taiwan Dollars from Bank of Taiwan Taipei Branch, with the Chairman serving as joint guarantor. Proposal to authorize the Chairman for all decisions concerning this application.
The 21st board The 30th meeting	2022.4.22	1. Discussion regarding the Company's 2021 earnings distribution, cash dividend baseline date, and payment date. 2. Discussion regarding the list of director (including independent director) candidates nominated by the board of directors. 3. Amendments to the Company's "Board of Directors Conference Rules." 4. Amendments to the Company's "Independent Director Responsibility Principles. 5. Amendments to the Company's "Audit Committee Charter."
The 22nd board The 1st meeting	2022.6.14	1. Election of the Company's Chairman.
The 22nd board The 2nd meeting	2022.7.1	1. Appointment of members for the Company's 5th Remuneration Committee members. 2. Proposal to acquire additional 8,142 square meters of land for public facilities as needed for the Wanli Land Development project.
The 22nd board The 3rd meeting	2022.8.10	1. Discussion of the Company's 2022 second-quarter consolidated financial statements. 2. Discussions concerning the tenor and subsequent repayment of loans that the Company had granted to Ting Pang Development Co., Ltd. for taking part in the Hulin Section Urban Renewal Project, following a 3-month delay in the construction progress. 3. Proposal to secure claims over the disputed transaction of land located at Yongcui Section, Banqiao District, New Taipei City, by ways of represented settlement/negotiation and placement of provisional seizure bonds.

		4. Proposal to have the Company apply for credit facilities totaling Seventy Million New Taiwan Dollars from Bank of Panhsin Minsheng Branch (with Chairman Chun-Fa Huang serving as the joint guarantor).
Extraordinary board of directors meeting	2022.9.5	1. Discussion regarding settlement of disputes over the transaction of land located at Yongcui Section, Banqiao District, New Taipei City. 2. Acquisition or disposal of shares of Evergreen Marine Corp.
The 22nd board The 4th meeting	2022.10.20	1. Re-appointment of members for the Company's 5th Remuneration Committee members. 2. Amendments to the Company's "Board of Directors Conference Rules." 3. Proposal to have the Company apply for the following credit facilities from O-Bank: 1. Short-term unsecured limit totaling Sixty-five Million New Taiwan Dollars (secured by shares of IBF Financial Holdings at 80% value); 2. Short-term unsecured limit totaling Eighty-five Million New Taiwan Dollars secured by shares of TWSE at 70% value); and 3. Short-term unsecured limit totaling Thirty Million New Taiwan Dollars (pure credit) for a sum of One Hundred and Eighty Million New Taiwan Dollars, with the Chairman serving as joint guarantor. Proposal to authorize the Chairman for all decisions concerning this application.
The 22nd board The 5th meeting	2022.11.9	1. Discussion of the Company's 2022 third-quarter consolidated financial statements. 2. Discussion regarding the Company's "2023 Internal Audit Plan." 3. Discussion regarding amendments to the Company's "Internal Control System" and "Internal Audit Implementation Rules." 4. Proposal to amend "Material Insider Information Guidelines" in the Company's management policy. 5. Proposal to sell the Company's construction land located in "Wanli District, New Taipei City." 6. Proposal to adjust unit reference price for the disposal of shares of IBF Financial Holdings Co.,Ltd. held by the Company. 7. Proposal to have the Company renew short-term materials purchasing facilities totaling Thirty-eight Million New Taiwan Dollars with SCSB Yanping Branch, with the Chairman serving as joint guarantor. Proposal to authorize the Chairman for all decisions concerning this application. 8. Proposal to have the Company apply for additional credit facilities for a sum of Three Hundred and Fifty Million New Taiwan Dollars from Taiwan Cooperative Bank Nanjing East Road Branch, with the Chairman serving as joint guarantor. Proposal to authorize the Chairman for all decisions concerning this application. 9. Proposal to have the Company apply for short-term credit facilities totaling Three Hundred Million New Taiwan Dollars from Far Eastern International Bank, with the Chairman serving as joint guarantor. Proposal to authorize the Chairman for all decisions concerning this application. 10. Proposal to have the Company apply for short-term credit facilities totaling Fifty Million New Taiwan Dollars from Shin Kong

		Bank Xinban Branch, with the Chairman serving as joint guarantor. Proposal to authorize the Chairman for all decisions concerning this application.
The 22nd board The 6th meeting	2023.01.09	1. Proposal to purchase land for the construction and sale of single-unit residence. 2. Amendments to the Company's "Asset Acquisition and Disposal Procedures." 3. Discussion of the Company's 2023 business plan. 4. The Company has lent capital to Ting Pang Development Co., Ltd. for taking part in the Hulin Section Urban Renewal Project. The urban renewal project is currently undergoing clarification of owners' new rights, transfer of land ownership, settlement of value differences, and property inspection/handover. To facilitate the above, the Company has submitted requests to have the Urban Regeneration Office check with the local inland revenue office on outstanding taxes and file building measurements along with relevant records with the local land administration authority. However, considering how the administrative processes have delayed the original project schedule and undermined progression of the entire project, a proposal is hereby raised to extend the operating cycle by 5 months and to re-examine the tenor and subsequent repayment of loans that the Company has granted. 5. Acquisition or disposal of shares of IBF Financial Holdings Co.,Ltd. held by the Company. 6. Payment of managers' 2022 year-end bonus.
The 22nd board The 7th meeting	2023.03.13	1. Presentation of the Company's 2022 "Declaration of Internal Control System." 2. Appointment of the Company's chief internal auditor. 3. Review of the Company's 2022 business report, separate financial statements, and consolidated financial statements. 4. Allocation of 2022 employee remuneration and director remuneration. 5. Discussion regarding the Company's 2022 earnings distribution, cash dividend baseline date, and payment date. 6. Proposal to convene the Company's 2023 annual general meeting on June 7, 2023. 7. Discussion regarding the acceptance of shareholders' proposals for the 2026 annual general meeting. 8. Discussion regarding the acceptance of shareholders' nominations for director (including independent director) candidates for the 2023 annual general meeting. 9. Discussion regarding the list of independent director candidates nominated by the board of directors. 10. By-election for one independent director. 11. Discussion regarding the removal of non-compete clause for directors of the Company. 12. Review on the regular assessment of financial statement auditors' independence and suitability. 13. Appointment and compensation of the Company's financial statement auditors for 2023.

		14. Amendments to the Company's "Asset Acquisition and Disposal Procedures." 15. Amendments to the Company's "Board of Directors Conference Rules." 16. Proposal to purchase land for the construction and sale of residential building. 17. Pension contribution (severance pay) for managers of the Company. 18. Proposal to lend to Tze Shin International Co., Ltd.

(XII) Recorded or written statements made by any director or supervisor which specified dissent to important resolutions passed by the board of directors in the most recent year and up to the date of publication of the Annual Report: None

(XIII) Summary of resignation and discharge of the Company's Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Corporate Governance Officer, or Research and Development Officer in the most recent year and up to the date of publication of the Annual Report:

Summary of Resignation and Discharge of Parties Relating to the Company:

May 10, 2023

Title	Name	Date of Appointment	Date of Discharge	Cause of resignation or discharge
None				

Note: The parties relating to the Company include the Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Corporate Governance Officer, or Research and Development Officer.

V. Information on CPA Professional Fees

(I) CPA Fees

Unit: NT$ thousands

CPA CPA Firm	CPA Name	CPA Audit Period	Audit Fees	Non-audit Fees	Total	Note
Crowe (TW) CPAs	Chun-Chih Lin	2022.01.01 - 2022.12.31	3,920	26	3,946	Non-Audit Fee: Business registration
	Ya-Chuan Chang	January 1, 2022 - December 31, 2022				

＊Audit fees refer to the fees paid by the Company to the CPA for checking, reviewing and reexamining financial reports and financial forecasts.

1. When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

2. Disclosure of the amount, percentage, and reasons of decrease where the audit fees are lower than the previous fiscal year
by 15% or more: None.

VI. Replacement of CPAs: the Company has not changed CPAs in the recent two years.

(I) Regarding the former CPAs: None.

(II) Regarding the succeeding CPAs: None.

(III) The former CPA's reply to Article 10, Subparagraph 6, Item 1 and Item 2-3 of the Regulations: None.

VII. Chairman, President, and Financial or Accounting Manager of the Company Who Worked with the CPA Firm or its Affiliate Company in the Most Recent Year: None.

VIII. Transfer of Equity Interests and Change in Pledge of Equity Interests By a Director, Manager, Or Shareholder With More Than 10 Percent Shareholding in the Most Recent Year and Up to the Date of Publication of the Annual Report

Changes in equity of Directors, managers, and major shareholders

Title (Note 1)	Name	2022		As of May 10, 2023	
		Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in the Number of Shares Pledged	Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in the Number of Shares Pledged
Chairman (Major Shareholder)	Yuan Chuan Steel Corporation	0	(2,147,656)	0	0
	Representative: Chun-Fa Huang	0	0	0	0
	Representative: Hsiu-Mei Huang	0	0	0	0
	Representative: Chun-Chao Huang	0	0	0	0
	Representative: Yung-Chieh Huang	0	0	0	0
Director	Chengta International Investment Co., Ltd.	0	0	0	0
	Representative: Yung-Fen Lin	0	0	0	0
	Representative: Ta-Teng Cheng	0	0	0	0
Independent Director	Chih-Ling Chen(former member; re-elected 2022/06/14)	0	0	0	0
Independent Director	Ching-Chuan Lo(former member; re-elected 2022/06/14)	0	0	0	0
Independent Director	Chih-Wei Chang (new member; re-elected 2022/06/14	0	0	0	0
Independent Director	Rui-Hsiang Huang (new member; re-elected	0	0	0	0

	2022/06/14 and resigned on 2022/07/21)				
President	Min-Chih Hsiao	0	0	0	0
Vice President	Lung-Chi, Wu	0	0	0	0
Vice President	Chen-Chang Huang	0	0	0	0
Assistant Manager	Jen-Chin Chiang	0	0	0	0
Chief Financial Officer	Yu-Chi Huang	0	0	0	0
Accounting supervisor	Hui-Wen Li	0	0	0	0
Company's Corporate Governance Officer	Jui-Chun Wang	0	0	0	0

Note 1: The shareholders who hold more than 10% of the Company's shares shall be identified as major shareholders and stated separately.

Note 2: Where the counterparts of shares through transfer and pledged under lien are related parties, it is also necessary to complete the following table.

Note 3: The shareholding percentage of dismissed Directors and Supervisors at the end of the period refers to the shareholding percentage thereof during the month when they were discharged. The shareholding percentage of newly appointed Directors and Supervisors at the beginning of the period refers to the shareholding percentage thereof during the month when they were appointed.

Information about Equity Transfer

Name (Note 1)	Reason for the Transfer of Equity (Note 2)	Trading Date	Counterparty	Relationship between trading counterpart and the Company, directors, supervisors, manager and shareholders who hold more than 10% of the Company's shares	Number of Shares	Trading Price
None	None	None	None	None	None	None

Note 1: Please specify the names of Directors, Supervisors, managers, and shareholders who hold more than 10% of the Company's shares.

Note 2: Please specify acquisition or disposal.

Information about Equity Pledged Under Lien

Name (Note 1)	Reason for the Change of Pledge (Note 2)	Date of Change	Trading Counterparty	Relationship between trading counterpart and the Company, directors, supervisors, manager and shareholders who hold more than 10% of the Company's shares	Ratio of Shareholding	Ratio of Pledge	Number of Shares	Pledged (Redeemed) Amount
None	None	None	None	None	None	None	None	None

Note 1: Please specify the names of Directors, Supervisors, managers, and shareholders who hold more than 10% of the Company's shares.

Note 2: Please specify pledge or redemption.

IX Related Party, Spouse, or Relative within the Second Degree of Kinship Among the Top Ten Shareholders

Relationships among the top tent shareholders

As of the closing date of the shareholders' meeting (April 9, 2023)

Name (Note 1)	Shareholding of myself		Spouse & Minor Shareholding		Shares Held under Nominee Accounts		Name and relationship of related party, spouse, or relative within the second degree of kinship among the top ten shareholders. (Note 3)		Note
	Number of Shares	Shareholding Ratio	Number of Shares	Ratio of Shareholding	Number of Shares	Ratio of Shareholding	Name	Relationship	
Representative: An-Di Huang	36,962,353	16.61%	0	0	0	0			
Tze Shin International Co., Ltd. Representative: Chun-Fa Huang	0 20,750,000	0.00% 9.32%	- 0	- 0	- 0	- 0	A. Durban Development Co., Ltd. B., Sincere Department Store, Co., Ltd.	A.The Chairman is the same person.	
Hsienta Investment Co., Ltd. Representative: Ta-Yu Cheng	0 15,562,000	0.00% 6.99%	- 0	- 0	- 0	- 0	A. Yuanta Investment Co., Ltd.	A. The person in charge in a relative within the second degree of kinship	
Hotel Taipei Miramar Representative: An-Di Huang	0 12,176,132	0.00% 5.47%	- 0	- 0	- 0	- 0	A. Yuan Chuan Steel Corporation	A. The Chairman is the same person.	
Sincere Department Store, Co., Ltd. Representative: Chun-Fa Huang	0 5,000,000	0.00% 2.25%	- 0	- 0	- 0	- 0	A. Tze Shin International Co., Ltd., Durban Development Co., Ltd.,	A. The Chairman is the same person.	
Yuanta Investment Co., Ltd. Representative: Ta-Teng Cheng	0 3,991,000 0	0.00% 1.79% 0.00%	- 0 -	- 0 -	- 0 -	- 0 -	A. Hsienta Investment Co., Ltd.	A. The person in charge in a relative within the second degree of kinship	
Tewei Investment Co., Ltd Representative: Hsiu-Mei Huang	3,500,193	1.57%	0	0	0	0	A. Tze Shin International Co., Ltd., Durban Development Co., Ltd., Sincere Department Store, Co., Ltd.	A. The person in charge in a relative within the second degree of kinship	
King You Development Co., Ltd. Representative: Ying-Che Tseng	0	0.00%	-	-	-	-	none	none	
Durban Development Co., Ltd. Representative: Chun-Fa Huang	2,360,000 0	1.06% 0.00%	0 -	0 -	0 -	0 -	A.Tze Shin International Co., Ltd., Sincere Department Store, Co., Ltd.	A. The Chairman is the same person.	
Fei-Hong Chen	1,952,000	0.88%	0	0	0	0	none	none	

Note 1: The top ten shareholders' names shall be identified separately (in the case of corporate shareholders, the corporate shareholders' names and representatives' names shall be identified separately).

Note 2: The ratio of shareholding is calculated in terms of own shareholdings, shares held by spouse & children under age or shareholdings under the title of a third party.

Note 3: Relationship between the aforementioned shareholders (including juristic and natural persons) shall be disclosed according to Regulations Governing the Preparation of Financial Reports by Securities Issuers.

X. Number of Shares and Total Shareholding in a Single Company Invested by the Company, its Directors, Supervisors, Managers, and Companies Controlled Either Directly or Indirectly by the Company

Total Shareholding

December 31, 2022

Unit: Thousand shares

Investment in Other Companies (Note 1)	Ownership by the Company		Ownership by Directors, Supervisors, Managers and Entities Directly or Indirectly Controlled by the Company		Total Ownership	
	Number of Shares	Ratio of Shareholding	Number of Shares	Ratio of Shareholding	Number of Shares	Ratio of Shareholding
Mayer Corporation Development International Limited (Note 1)	5,550	100.00	0	0	5,550	100.00
Vietnam Mayer Corp., Ltd.	0	100.00	0	0	0	100.00
Meikung Development Co., Ltd.	505,000	100.00	0	0	505,000	100.00
Miramar Development Limited	17,100	90.00	0	0	17,100	90.00
Mayer Inn Corporation	20,000	100.00	0	0	20,000	100.00
Grand Tech Precision Manufacturing (Thailand) Co., Ltd.	17,350	45.01	0	0	17,350	45.01
Luen Jin Enterprise Co., Ltd.	6,525	30.00	0	0	6,525	30.00
Mei Yi Construction Co., Ltd.	1,800	90.00	0	0	1,800	90.00
Diamond Precision Steel Corp.	3,528	42.50	0	0	3,528	42.50
Glory World Development Limited	8,882	50.21	0	0	8,882	50.21
Sinowise Development Limited (Note 2)	7,550	100.00	0	0	7,550	100.00
Elternal Galaxy Limited (Note 2)	9,350	100.00	0	0	9,350	100.00
Grace Capital Development Limited (Note 2)	70	100.00	0	0	70	100.00

Note 1: Mayer Corporation Development International Limited (BVI) was ruled by a court in the British Virgin Islands (BVI) to enter into liquidation proceedings and appointed a liquidator on March 27, 2017, resulting in the loss of control of the Company. The company was not included in the preparation of the consolidated report as of March 27, 2017.

Note 2: Refer to the number of shares and shareholding of the Company's subsidiary, Glory World Development Limited.

Chapter 4. Capital Overview

I. Capital and Shares

(I) Source of Capital: Type of Shares Issued in the Most Recent Year up to the Date of Publication of the Annual Report

Year and Month	Issue Price	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Capital	Capital Increase by Assets Other Than Cash	Others
108.5		320,000,000	3,200,000,000	222,526,100	2,225,261,000			Note 1

Note 1: Approved in the Jing-Shou-Shang No. 10801050270 Letter of the Ministry of Economic Affairs dated May 3, 2019.

Type of Shares	Authorized Capital			Note
	Outstanding Shares (Note)	Unissued Shares	Total	
Registered Ordinary Shares	222,526,100	97,473,900	320,000,000	Listed Shares

Note: Please specify whether the stock refers to TWSE or GTSM stock (the stock forbidden from being traded in TWSE or GTSM, if any, shall be identified).

Information About Shelf Registration System

Type of Securities	Expected Number of Issued Shares		Number of Issued Shares		Purpose and Expected Benefit of Issued Shares	Period in Which Unissued Shares to be Issued	Note
	Total Quantity	Approved Amount	Number of Shares	Price			
None	None	None	None	None	None	None	None

(II) Shareholder structure:

Shareholder structure

April 9, 2023

Shareholder Structure / Number	Government Agencies	Financial Institutions	Other Juristic Persons	Individuals	Foreign Institutions & Natural Persons	Total
Number of shareholders	0	3	232	41,498	58	41,791
Shares Held	0	871,607	110,881,585	108,087,225	2,685,683	222,526,100
Ratio of Shareholding	0	0.39	49.83	48.57	1.21	100

Note: Companies primarily listed on the TWSE and the TPEx shall disclose the proportion of their shares held by investors from Mainland China. Investors from Mainland China refer to natural persons, legal persons, organizations, institutions or companies in areas other than Taiwan and Mainland China that are invested by persons of such identity as stipulated in Article 3 of the Regulations Governing Investment of Mainland Chinese in Taiwan.

(III) Shareholding distribution:

Shareholding distribution

NT$10 per share, April 9, 2023

Range of Shares	Number of Shareholders	Shares Held	Ratio of Shareholding
1 to 999	26,314	1,024,955	0.47
1,000 to 5,000	11,877	24,860,118	11.17
5,001 to 10,000	1,899	15,119,776	6.79
10,001 to 15,000	558	7,165,337	3.22
15,001 to 20,000	358	6,688,489	3.01
20,001 to 30,000	326	8,385,476	3.77
30,001 to 40,000	128	4,565,725	2.05
40,001 to 50,000	92	4,257,965	1.91
50,001 to 100,000	130	9,255,738	4.16
100,001 to 200,000	51	6,765,490	3.04
200,001 to 400,000	20	5,666,797	2.55
400,001 to 600,000	13	6,641,242	2.98
600,001 to 800,000	4	2,929,523	1.32
800,001 to 1,000,000	2	1,814,054	0.82
1,000,001 to 999,999,999	19	117,364,641	52.74
Total	41,791	222,526,100	100.00

Special shares April 9, 2023

Range of Shares	Number of Shareholders	Shares Held	Ratio of Shareholding
None			
Total			

(IV) List of major shareholders: List the shareholders whose shareholding percentage reaches 5% or more. If there are less than 10 shareholders, the names, the amount, and shareholding of the top ten shareholders should be disclosed.

List of major shareholders

April 9, 2023

Shareholding / Name	Shares Held	Ratio of Shareholding
Yuan Chuan Steel Corporation	36,962,353	16.61%
Tze Shin International Co., Ltd.	20,750,000	9.32%
Hsienta Investment Co., Ltd.	15,562,000	6.99%

Hotel Taipei Miramar	12,176,132	5.47%
Sincere Department Store, Co., Ltd.	5,000,000	2.25%
Yuanta Investment Co., Ltd.	3,991,000	1.79%
Tewei Investment Co., Ltd	3,500,193	1.57%
King You Development Co., Ltd.	2,538,000	1.14%
Durban Development Co., Ltd.	2,360,000	1.06%
Fei-Hong Chen	1,952,000	0.88%

(II) Market prices, net worth per share, earnings per share, dividends per share, and related information for the past two fiscal years:

Item / Years			2021	2022	As of March 31, 2023 (Note 8)
Market price per share (Note 1)	Highest		44.25	34.45	24.40
	Lowest		18.25	20.35	22.60
	Average		29.24	27.06	23.62
Net value per share (Note 2)	Before distribution		16.27	14.41	14.18
	After distribution		13.27	-	-
Earnings per share	Weighted Average Shares (thousand shares)		222,526	222,526	222,526
	Earnings per share (Note 3)		3.52	1.20	0.75
Dividends per share	Cash Dividend		3.00	1.0	-
	Stock dividends		None	-	-
			None		-
	Accrued Unpaid Dividends (Note 4)		-	-	-
Return on investment	P/E Ratio (Note 5)		8.31	22.55	-
	Price/Dividend Ratio (Note 6)		9.75	27.06	-
	Cash Dividend Yield (Note 7)		0.10	0.04	-

* In the case of retained shares distribution or capital surplus shares distribution, please also disclose the information about the market value and cash dividend adjusted retroactively based on the quantity of shares as distributed.

Note 1: Please identify the highest market value and the lowest market value of the common stock in various years, and calculate the average market price for each year based on the trading value and turnover for each year.

Note 2: Please apply the quantity of shares already issued at the end of the year and identify the status of distribution according to the resolution made by the Board of Directors or Shareholders' Meeting held in the following year.

Note 3: If it is necessary to make adjustment retroactively due to Free-Gratis dividends, please identify the EPS before and after adjustment.

Note 4: If the terms and conditions under which the equity securities are issued provide that the stock dividend retained in the year may be accumulated until the year in which there are allocable earnings available, please disclose the retained stock dividend accumulated until the then year.

Note 5: Price-Earnings Ratio=Average Closing Price Per Share in current year/Earnings Per Share

Note 6: Dividend Yield=Average Closing Price Per Share in current year/Cash Dividend Per Share

Note 7: Cash Dividend Yields=Cash Dividend Per Share/Average Closing Price Per Share in current year

Note 8: Please identify the net value per share and EPS available in the latest quarterly financial information audited (reviewed) by the independent auditor before the date of publication of the annual report, and the information available until the date of publication of the annual report in the other sections.

(VI) Company's dividend policies and implementation:

1. Dividend policies:

The Company's dividend policy takes into account the Company's capital requirements and long-term financial planning, its current and future development plans, the investment environment and domestic and international competition, and the interests of shareholders in determining the amount and type of earnings to be distributed. The Company shall first pay income tax and make up for prior years' deficits, and then set aside 10% of the remaining balance as legal reserve, except when the legal reserve has reached the total paid-in capital. After setting aside or reversing the special reserve in accordance with the regulations of the competent authorities, the Board of Directors shall prepare a proposal for distribution of earnings and submit it to the shareholders' meeting for resolution.

The Company may distribute earnings in the form of cash dividends or stock dividends, and if so, the Company shall set aside not less than 50% of the distributable earnings each year for dividend distribution to shareholders for the year in which the distribution is finalized.

2. Implementation: (Approved at the Board of Directors meeting on March 13, 2023 and reported at the General Shareholders' Meeting on June 7, 2023)
In 2022, the Company's profit after tax was NT$266,632,819, the distributable earnings was NT$255,864,180, the proposed shareholders' bonus was NT$1.00 per share, and the total shareholders' bonus was NT$222,526,100.

(VII) Effect of allocation of Free-Gratis Dividends proposed at the shareholders' meeting on the operational performance of the Company and the Earnings Per Share:

<table>
<tr><td colspan="2">Years
Items</td><td>2022</td></tr>
<tr><td colspan="2">Beginning Paid-in capital (NT$)</td><td>2,225,261,000</td></tr>
<tr><td rowspan="3">Distribution of shares and dividends in current fiscal year (Note 1)</td><td>1.0</td><td>3.0</td></tr>
<tr><td>0</td><td>0</td></tr>
<tr><td>Capital increase out of capital reserve allotment per share (stock)</td><td>0</td></tr>
<tr><td rowspan="5">Change in business performance</td><td>Operating Profit</td><td rowspan="5">Not applicable (Note 2)</td></tr>
<tr><td>Ratio of increase (decrease) in operating profit compared to the same period last year</td></tr>
<tr><td>Net income</td></tr>
<tr><td>Ratio of increase (decrease) in NIAT compared with the same period in previous year</td></tr>
<tr><td>Earnings per share</td></tr>
</table>

<table>
<tr><td rowspan="2"></td><td colspan="2">Ratio of earnings per share increase (decrease) compared to the same period last year</td><td rowspan="2"></td></tr>
<tr><td colspan="2">Average annual return on investment (annual average PE ratio)</td></tr>
<tr><td rowspan="6">Proposed earnings per share and P/E ratio</td><td rowspan="2">If the surplus to capital increase is realized through cash dividend</td><td>Expected Earnings Per Share (NT$)</td><td rowspan="2">Not applicable (Note 2)</td></tr>
<tr><td>Pro-forma average annual return on investment</td></tr>
<tr><td rowspan="2">If the capital reserve is not transferred to the capital increase</td><td>Expected Earnings Per Share (NT$)</td><td rowspan="2">Not applicable (Note 2)</td></tr>
<tr><td>Pro-forma average annual return on investment</td></tr>
<tr><td rowspan="2">If the capital reserve is not processed and the surplus is transferred to the capital, the cash dividend will be distributed.</td><td>Expected Earnings Per Share (NT$)</td><td rowspan="2">Not applicable (Note 2)</td></tr>
<tr><td>Pro-forma average annual return on investment</td></tr>
</table>

Note 1: Reported to the 2022 General Shareholders' Meeting.

Note 2: In accordance with the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company didn't disclose its financial forecast information for 2022, so the forecast data for 2022 is not available.

(VII) Employees, Directors, and Supervisors Compensation:

1. The percentages or ranges with respect to the compensation of employees, Directors, and Supervisors set forth in the company's Articles of Association:

If the Company makes a profit in a year, the Company shall set aside 1% to 5% as compensation to employees and not more than 3% as compensation to Directors, provided that if the Company has accumulated losses, the Company shall retain the amount to cover them in advance and then set aside the remaining balance.

Employee compensation may be paid in stock or cash to employees of the Company and its subsidiaries who meet certain criteria. Compensation to Directors may only be paid in cash.

Matters related to compensation of employees and Directors shall be resolved by the Board of Directors with at least two-thirds of the directors present and a majority of the attending Directors, and reported to the shareholders' meeting.

2. The accounting in the case of deviation from the basis for stating the compensation of employees, Directors, and Supervisors, the basis for calculating the number of stock dividends to be allocated, and the actual allocation:

If there is still a change in the amount of distribution resolved in the following year's shareholders' meeting, the change in accounting estimate is treated as an adjustment to the accounts in the year of the shareholders' meeting. If the shareholders' meeting resolves to issue employee compensation in the form of shares, the number of shares that will be distributed as a share-based compensation is determined by dividing the amount of the shares as resolution by the fair value of the shares. The fair value of the shares shall be the closing price of the shares on the day prior to the resolution of the shareholders' meeting, and the impact of the ex-dividend shall be the basis for calculation.

3. Information about allocation of compensation resolved by the Board of Directors meeting:
   (1) The amount of any employee compensation distributed in cash or stocks and compensation for Directors and Supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:
   The Company's 2022 revenue has been audited by CPAs. Based on the audited amount, the Company intended to allocate 5% of its earnings, which amounted to NT$17,999,476, as employees' compensation in the form of cash. The Company also intended to allocate 3% of its earnings, which amounted to NT$10,799,685, as directors' compensation in the form of cash. There was no difference between the above amounts and the estimated amount of expense recognized in the year.
   (2) Amount of employee compensation distributed in shares and percentage of total net profit after tax and total employee compensation in the parent company only financial statements for the period: None, there was no employee compensation distributed in shares for the period (2022).

4. The actual distribution of employee, Director, and Supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, Director, or Supervisor compensation, additionally the discrepancy, cause, and how it is treated.

Item	Estimated amount for 2021	Actual distribution	Deviation
Employee compensation in cash	48, 614, 884	48, 614, 884	0
Employee compensation in shares	None	None	None
Directors and Supervisors compensation	29, 168, 931	29, 168, 931	0

There was no different between the actual distribution and the recognized amount of the Company.

(IX) Share repurchases by the Company:

1. Completed:

(1) Share repurchases by the Company (completed)

May 10, 2023

Term of repurchase (Note)	Times (Term)	Times (Term)
Purpose of repurchase	None	
Period of repurchase		
Price range of repurchase		
Type and quantity of shares repurchased		
Number of shares repurchased		
Ratio of number of shares repurchased to expected number of shares to be repurchased (%)		
Shares that have been cancelled or transferred		
Cumulative Shares of the Company		
The ratio of the cumulative number of shares held of in Company to the total number of shares issued (%)		

Note : The number of spaces shall be adjusted subject to the actual number of issuance.

2. In progress: None.

(2) Share repurchases by the Company

May 10, 2023

Term of repurchase	Times (Term)	Times (Term)
Purpose of repurchase	None	
Types of shares to be repurchased		
Limit of total amount to be repurchased		
Expected period of repurchase		
Expected number of shares to be repurchased		
Price range of repurchase		
Type and quantity of shares repurchased		
Number of shares repurchased		
Ratio of number of shares repurchased to expected number of shares to be repurchased (%)		

II. The Annual Report Shall Provide Information on the Company's Issuance of Corporate Bonds, Including Unretired Bonds and Unissued Bonds for which an Issue is currently Under Preparation, and in Accordance with Article 248 of the Company Act the Report Shall Disclose all the Matters Set Forth Thereunder and Explain Their Effect upon shareholders' Equity Private placement of corporate bonds shall be highlighted: None.

III. The Section on Preferred Shares Shall Include Both Outstanding and Unissued Shares for Which an Issue is Currently under Preparation, and Shall Disclose Any Conditions Attaching to Issuance and Their Effect upon Shareholders' Equity. The Information on Preferred Shares Shall Also Specify the Matters Listed under Article 157 of the Company Act Private placement of preferred shares shall be highlighted: None.

IV. The Section on Global Depository Receipts Shall Include Information on Receipts Issues that Remain Partially Outstanding, and on Unissued Receipts for Which an Issue is Currently under Preparation. Also to be Disclosed are the Date of Issue, Total Value of Issue, the Rights and Responsibilities of the Holders of Global Depository Receipts and Related Matters Private placement of global depository receipts shall be highlighted: None.

V. Employee stock options and restricted stocks for employees shall set out the following matters:

(I) Employee stock options employees shall set out the following matters:

1. The Company's employees' stock options yet to mature shall disclose the current situation of the issuance as of the publish date of the annual report and the impact on the rights of the shareholders. Private employees' stock options shall be highlighted: None.
2. Names, acquisition, and subscription of managers who have obtained employees' stock options as well as employees who rank among the top 10 in terms of the number of shares obtained via employees' stock options, cumulative to the date of publication of the annual report: None

(II) Restricted stocks for employees shall set out the following matters:

1. The issuance and impact on shareholders' interest of all new restricted employee stock options that have not yet fully met the conditions as of the date of publication of the Annual Report shall be disclosed: None.
2. Names and acquisition status of managerial officers who have acquired new restricted employee stock options and of employees who rank among the top ten in the number of new restricted employee stock options acquired, cumulative to the date of publication of the Annual Report: None.

VI.Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies shall set out the following matters:

(I) If, during the most recent year up to the date of publication of the annual report, the Company has completed any issuance of new shares in connection with a merger or acquisition or with the acquisition of shares of any other company, the annual report shall specify the following matters: None.

(II) Where the Board of Directors has, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, adopted a resolution approving any issuance of shares in connection with a merger or acquisition or with the acquisition of shares of any other company, the annual report shall disclose the implementation status and the basic information of the merged or acquired company. Merger or acquisition of shares of other company in progress

For issuance of new shares, the issuance and its impact on the shareholders shall be disclosed: None.

VII. Capital Utilization Plan

(1) Description of the Plans

As of the quarter before the date of publication of the Annual Report, the previous issuance or private placement of securities that has not been complete, or those have been completed in the past three years but the expected benefits have not yet shown:

(II) Implementation:

As of the quarter prior to the publication of the annual report, regarding the usage of each plan mentioned in the previous clause, an item-by-item analysis that compares operation statuses and expected benefits conducted: None.

Chapter 5. Business Overview

I. Business Activities

(I) Scope of business

1. Main business:

(1) Manufacture of steel pipes and various components.

(2) Manufacture of products by steel rolling.

(3) Manufacture of pipes and sheets by steel trolling and other alloy metals.

(4) Galvanizing and electroplating of various products.

(5) Calendering of various products (hot rolled steel coils, cold-rolled steel coils, stainless steel coils, carbon steel, alloy steel)

(6) Domestic and overseas import and export of the above products and raw materials, as well as the processing business.

(7) Agency, design, technical service, and bidding of manufacturing equipment for the above business.

(8) Appoint contractor to construct residential and commercial buildings for lease and sale.

2. Business proportion:

Department	2021	2022
	Sales proportion (%)	Sales proportion (%)
Steel Department	99.34	98.96
Real estate department	0.00	0.00
Investment department	0.04	0.02
Others (Hotel)	0.62	1.02
Total	100.00	100.00

3. Current products and new product development:

(1) Current products

A Carbon Steel

a. Black steel pipes, galvanized steel pipes for piping, galvanized wire conduits, and threadless wire steel pipes.

b. Steel pipes for mechanical processing: steel pipes for machine structural purpose, steel pipes for general structural purpose.

c. Cutting carbon steel plates.

B. Stainless Steel

a. Stainless steel pipes.

Stainless steel pipes for industrial piping, stainless steel pipes for general piping (pressed tubes), stainless steel pipes for mechanical structures, stainless steel pipes for boilers and heat exchangers, stainless steel sanitary steel pipes, stainless steel pipes for automobile exhausts.

b. Special connectors and fittings for stainless steel press fittings for piping.

c. Cutting stainless steel plates.

(2) New product development: Manufacture of medium carbon alloy steel, small and medium diameter, thick-walled carbon steel pipes for mechanical construction.

(II) Industry Overview: The current situation and development of the industry, the correlation between the upper stream, middle and the downstream of the industry, the various product development trends and the competition situation:

1. Overview of changes in raw materials

Iron ore prices continued their previous downward trend to about US$120 per ton at the beginning of 2022, but with the outbreak of the Russo-Ukrainian war, iron ore prices rapidly hiked to about US$160 per ton in the short term. However, the good times did not last long, as iron ore continued to correct downward from June onwards, reaching an annual low of about US$80 at the end of October, followed by a slight increase. However, iron ore prices remained slightly lower than the beginning of the year until the end of 2022. The upward swing in iron ore prices over the 2022 period was due to the outbreak of war in Russia and Ukraine, which the market thought might lead to a shortage of iron ore supply, but the downward swing was due to the Chinese government's move to curb speculation in commodity prices, which led to market concerns. Coal prices, also due to the Russian-Ukrainian war, were even more volatile as it spiked from around US$350 per ton in early 2022 to around US$635 per ton in March, before plunging to around US$265 per ton by year-end. However, compared to the long-term price trend, coal and iron ore prices are still at a high level at this stage, and the production costs of steel mills are still at a relatively high point. While it is hoped that costs will fall, there is still no sign in the short term.

2. Overview of steel supply and demand in Taiwan

Although the global COVID-19 pandemic is slowing down and is gradually under control, the overall market environment is still critical. The Ukrainian war, U.S.-China trade war have not been resolved, geopolitical tensions and conflicts are becoming more serious, inflationary pressures in Europe and the U.S. remain high, affecting domestic consumption sentiments intentions and industrial production performance, Taiwan's steel industry's export orders are slowing down, and the downstream industry's inventory is not easily removed due to sluggish demand, resulting in weak overall replenishment demand. In addition, the rapid change in the material market in 2022 has resulted in high inventory levels at all stages of the steel industry chain, making active inventory adjustments to maintain normal production and sales operations a priority since the second half of 2022.

3. Development trend of the Company's products

The demand for engineering steel pipes and plates for public infrastructure and factory housing construction projects has begun to be released to the market. The demand for galvanized steel pipes, galvanized wire conduits, and stainless steel pipes used in construction projects can be expected. We will fully cooperate with the customer's project progress needs, and fully supply according to the established plan. For civil construction projects and steel pipes for machining purposes, the production and marketing progress shall be adjusted flexibly to match the dynamic nature of the consumer market.

(III) Technology and R&D: Investment in R&D expenses and successfully developed technologies or products in the most recent year up to the date of publication of the Annual Report.

1. Further improvement in steel pipe welding strength and yield rate of high-quality products
2. Manufacturing and processing of medium carbon grade alloy steel pipes
3. Increase in stainless steel pipe welding speed
4. Reduction of water, electricity, oil and material consumption

(IV) Long and short term business development plans:

1. Short term business development:

(1) The Company will further strengthen its business and services to secure its market share, effectively keep track of the flow of customer orders, and strictly control the production and sales timeline from order acceptance to delivery, so as to enhance customer satisfaction.

(2) We will control the inventory of raw materials more flexibly and efficiently to reduce capital requirements and cost risks.

(3) Promote the full implementation of the new system of CNS verification and registration of hot-dip galvanized steel pipe, ensure the stable quality of domestic engineering materials, ensure the quality of domestic steel pipe customers, and build a reasonably competitive engineering management environment.

2. Long term business development:

(1) Integrate the business marketing functions of domestic and overseas production bases.

(2) Enhance the total utilization rate of equipment in each production base.

(3) Implement product differentiation strategy to ensure quality and competitiveness.

(V) Subsidiaries in the consolidated financial statements:

1. Vietnam Mayer Corp., Ltd. is a subsidiary invested by the Company in order to support the development of overseas production bases for our customers, for the purpose of establishing a professional manufacturing factory for mechanical welded steel pipes to supply mechanical processing steel pipes required by customers in Vietnam and ASEAN region. We have adopted the strategic advantage of local supply, providing customers with a timely, quality and quantity value service chain, assisting customers to reduce costs, improve quality, and open new business bases overseas, supporting each other and growing together; in recent years, production and sales have developed steadily, customer demand has increased steadily, and revenue and profitability have been stable. In recent years, we have successfully established a foothold in the local market and become an important supply partner for local Taiwanese companies.
2. Vietnam Mayer Corp., Ltd. was established for the purpose of increasing the number of business projects in the business travel business. The Company's investment performance is currently negative due to the significant impact of the COVID-19 epidemic. The management is trying to improve the performance. With the COVID-19 pandemic subsiding this year, countries are gradually lifting border restrictions and relaxing travel restrictions, and the business travel business is gradually improving.

II. Analysis of the Market as well as Production and Marketing Situation

(I) Market analysis

1 Sales region of major products:

Region	2021		2022	
	Net sales	Proportion (%)	Net sales	Proportion (%)
Taiwan	6,027,298	91.90	6,132,730	92.58
Vietnam	314,340	4.79	316,572	4.78
Thailand	172,489	2.63	133,250	2.01
Others	44,491	0.68	41,793	0.63
Total	6,558,618	100.00	6,624,345	100.00

2. Market share, future market demands and supplies and growth potential:

(1) Carbon steel

A. Although sales in 2022 were slightly revised downward compared to 2021, in the long term, demand for steel for public infrastructure projects and industrial plants in Taiwan were still stable; China started to launch policies to promote stable economic growth and stimulate the housing and car markets after lifting strict epidemic prevention measures, which is expected to lead to a rebound in steel demand. Furthermore, the trend of steel raw materials since early 2023 also stabilized compared to 2022, and it is expected that the downstream inventory adjustment will end in Q2, which will also be favorable for the steel industry to stabilize in the second half of the year.

B. Whether this was due to high housing prices, tightening capital as the central bank continues to raise interest rates, or increased regulation of new homes and pre-sales by various government agencies, consumer confidence and willingness to purchase homes has certainly had an impact, and may have led to a shift to a wait-and-see attitude. In addition, the government will pass another amendment to the The Equalization of Land Rights Act in February 2023, and the future impact on the medium and long-term development of the real estate and related industries is worth observing and paying attention to.

C. The machinery processing industry is expected to be optimistic due to the reconstruction of the motor vehicle supply chain in the domestic and foreign markets, and the gradual recovery of demand is relatively slow. The industrial production and sales value can still be optimistic in the future.

D. The Company's investment in plants in the Southeast Asia region has commenced. The production and profitability in Vietnam and Thailand have gradually returned to the level of production and marketing operations before the epidemic.

(2) Stainless steel products

A. The unresolved oversupply in the domestic market has left the upstream steel mills in a negative cycle of non-differentiated competition, and the downstream processing industries are in a dilemma where they are unable to pass on or improve their product prices.

B. In 2021, thanks to the recovery of international demand for stainless steel raw materials, the upstream suppliers effectively released their production capacity, and exported large and profitable volumes, thus balancing supply and demand in the domestic market. However, in 2022, after the outbreak of the war between Russia and Ukraine, the raw material and market situation shifted once again, and export orders started to shrink, which seemed to return to the negative cycle of industry competition.

C. The supply of stainless steel pipes is stable, the quality is stable, and most of them are specified by customers, and the demand is supported. The industry situation changed again in 2022, and although the sales volume increased slightly compared to 2021, the profitability declined.

3. Competitive niche, advantages and adverse factors for development prospects and countermeasures:

(1) Competitive niche:

A. High quality

B. Timely delivery

C. Quick customer service

(2) Advantages and adverse factors for development prospects:

A. Advantages:

a. Positive brand reputation: Established in 1959, the Company is the first manufacturer of welded steel pipes in Taiwan, with excellent quality, accurate delivery, friendly service, and a positive brand image. Our products are well trusted by our customers.

b. Strict quality control: The Company attaches great importance to the quality of raw materials, always negotiates with upstream raw material suppliers, and is very strict in quality control during the production process. Therefore, our products have a high recovery rate and low defective rate, assuring stable product quality. The Company's products have obtained the CNS Mark Certificate issued by the Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs, approved as a Class A quality control factory by the Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs, and its "Steel Galvanized Wire Steel Pipe Manufacturing Capability" was certified as B+ manufacturer by the Nuclear Quality Department of Taipower. In November 1995, the Company obtained the ISO 9002 certification by the Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs. In January 2000, the Company became the first Taiwan manufacturer to obtain the ISO 9002 quality certification from the Bureau of Standards, Metrology and Inspection, which has further proven our technical strength.

c. Strong development capability: With 60 years of experience, the Company has developed its own technology and has cultivated employees with excellent skills and experience. Over the years, the Company has successfully developed precision steel pipes, alloy steel pipes, and anti-corrosion coated steel pipes with internal welded seams. In the future, the Company will continue to refine its production technology to maintain its leading position in the industry and maintain its reputation as the "Technological Mayer".

d. Excellent equipment performance: The Company has excellent machinery and equipment, fully automatic temperature-controlled welding high-speed pipe making machines and angular steel pipe production equipment. The fully automatic hot dip galvanizing equipment uses dry dust treatment equipment, so that the wastewater or gas generated from galvanizing meets the emission standards of environmental protection institutions. The capacity of the high-speed automatic screwing machine is able to meet the heavy market demand for Mayer's steel pipes.

e. Flexible order acceptance and market strategy: The Company is able to accurately plan the production plan by accurately understanding the market pulse and customer demand, and shorten the delivery period by preparing the material in advance. As a result, the Company has higher flexibility in order acceptance and market strategy.

B. Adverse factors:

a. The demand for small quantities and customization is the trend of the steel pipe market. The unit production cost will increase due to the decrease in orders and production.

b. Poor working environment, difficult recruitment and training of professional and technical personnel.

c. Market competition has become international and changes will be faster and more intense.

(3) Countermeasures

A. Review the performance of the existing production and manufacturing equipment, study and evaluate the need for equipment acquisition and renovation, with the goal of increasing production capacity, reducing production costs, and improving product manufacturing capabilities and quality standards.

B. Continuously invest in the improvement of pollution prevention equipment in accordance with the environmental protection laws and regulations, so that the emission of wastewater, exhaust gas and noise are in line with and above the legal standards, and prevent environmental protection disputes.

C. We will continue to maintain our image of supplying high-quality and stable products and enhance customer service to effectively differentiate from low-priced competitive products and maintain our market share and reasonable selling price.

D. Actively develop innovative technology and develop superior products to expand market share by providing products that satisfy customers.

(II) Major applications and production processes of major products:

Major Products	Applications
Black steel pipes	Construction, mechanical pipes and cooling pipes.
Galvanized steel pipes for piping	Construction, gas pipes and cooling pipes.
Galvanized wire conduits	Conduits

Mechanical structural pipes Pipes for general structural purpose	Motorcycle components, master pipes for pumping, bicycle pipes, furniture pipes, structural pipes for greenhouses, sports equipment, and container pipes.
Threadless wire steel pipe	Conduits
Polyethylene covered steel pipes	Corrosion-resistant pipes for underground gas pipes, petroleum pipes, water pipes, electric wire pipes.
Cutting steel sheets	Home appliances, automobile and motorcycle components, kitchen appliances, and chemical machinery components.
Stainless steel pipe	Construction piping.
Stainless steel connector and components for piping	Construction piping.
Cutting stainless steel sheets	Home appliances, automobile and motorcycle components, kitchen appliances, and chemical machinery components.

(III) Subsidiaries in the consolidated financial statements:

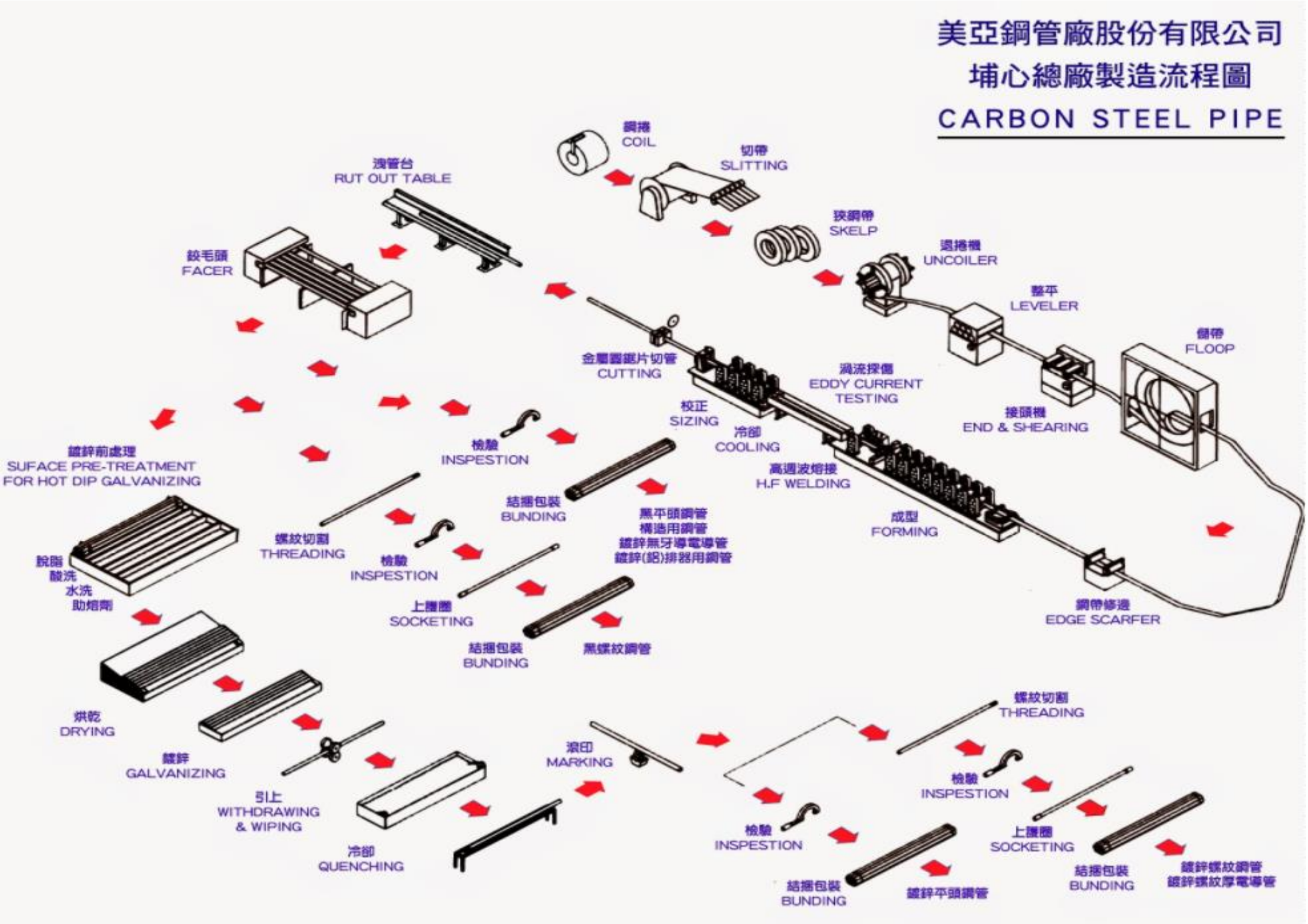
1. Vietnam Mayer Corp., Ltd. is a subsidiary invested by the Company to fulfill customers' demand for expansion of overseas production bases. Taking the strategic advantage of local supply, Vietnam Mayer provided customers with a timely, high quality, and high quantity value service chain, assisted customers to reduce cost and improve quality, opened new business bases overseas, which can support each other and grow together. In recent years, the production and sales have developed steadily, customer demand has increased steadily, revenue and profit have been stable, Vietnam Mayer has successfully established a foothold in the local market and become an important supply partner for local Taiwan companies.
2. Vietnam Mayer Corp., Ltd. was established for the purpose of increasing the number of business projects in the business travel business.

The Company's investment performance is currently negative due to the significant impact of the COVID-19 epidemic.

The management is trying to improve the performance.

3. In order to meet the operational needs, the Company acquired a 30% equity interest in Luen Jin Enterprise Co., Ltd. with a cash capital increase of NT$156,600,000 in November 2022. The evaluation for using equity method.
4. In order to meet the operational needs, the Company acquired a 90% equity interest in Mei Yi Construction Co., Ltd. with a cash capital increase of NT$18,000,000 in December 2022. The evaluation for using equity method.

Manufacturing Process:



(III) Supply of major raw materials:

Major raw materials:	Description
Carbon steel coils	China Steel Co., Ltd., Chung Hung Steel Co., Ltd., Shang Chen Steel Co., Ltd., Shang Shing Steel Industrial Co., Ltd.
Stainless steel coils	Tang Eng Iron Works Co., Ltd., Tung Mung Development Co., Ltd., Yieh United Steel Corp., Walsin Lihwa Corp.
Zinc lozenges	Japan SUMITOMO

(IV) Customers with over 10% of the total procurement (distribution), the amount and percentage in any given year within the most recent two years, and their reasons for the change:

1. Customers with over 10% of the total distribution, the amount and percentage in any given year within the most recent two years

Major customers in the last two years Unit: NT$ thousands

Item	2021				2022				As of March 31, 2023			
	Name	Amount	Percentage in Total Net Distribution (%)	Relationship with the Issuer	Name	Amount	Percentage in Total Net Distribution (%)	Relationship with the Issuer	Name	Amount	Percentage in Total Net Distribution (%)	Relationship with the Issuer
1	Company Z	894,170	13.63	General	Company Z	665,750	10.05	General	Company Z	201,554	12.21	General
2	Company A	496,424	7.57	General	Company A	591,623	8.93	General	Company A	131,600	7.97	General
	Others	5,168,024	78.80	General	Others	5,366,972	81.02	General	Others	1,318,124	79.82	General
	Net Distribution	6,558,618	100.00		Net Distribution	6,624,345	100.00		Net Distribution	1,651,278	100.00	

Note 1: Name of the customer with more than 10% of the total sales amount in the last two years and the amount and proportion of the sales. Due to the contractual agreement, the name of the sales or the object of the transaction may not be disclosed as an individual and a non-relevant person.

Note 2: If, before the date of publication of the annual report of a listed company, there is any financial information for the most recent period audited and attested or reviewed by a CPA, it shall also be disclosed therewith.

Reasons for the change: in 2022, due to the panic of the epidemic, there was an almost comprehensive inventory shortage in the steel industry chain, resulting in the rapid growth of unplanned demand, and the prices of steel related raw materials and finished products increased comprehensively and rapidly.

2. Customers with over 10% of the total procurement, the amount and percentage in any given year within the most recent two years:

Major suppliers in the last two year Unit: NT$ thousands

Item	2021				2022				As of March 31, 2023			
	Name	Amount	Percentage in Total Net Supply (%)	Relationship with the Issuer	Name	Amount	Percentage in Total Net Supply (%)	Relationship with the Issuer	Name	Amount	Percentage in Total Net Supply (%)	Relationship with the Issuer
1	Company B	1, 853, 546	30. 37	General	Company b	2, 192, 106	42. 35	General	Company b	530, 707	37. 52	General
2	Company X	1, 582, 061	25. 92	General	Company x	1, 131, 770	21. 87	General	Company x	201, 508	14. 25	General
3	Company E	1, 086, 575	17. 80	General	Company e	552, 004	10. 67	General	Company e	151, 575	10. 72	General
4	Company Y	424, 808	6. 96	General	Company y	621, 283	12. 00	General	Company y	301, 414	21. 31	General
	Others	1, 157, 083	18. 95	General	Others	678, 484	13. 11	General	Others	229, 136	16. 20	General
	Net Supplied Amount	6, 104, 073	100. 00		Net Supplied Amount	5, 175, 647	100. 00		Net Supplied Amount	1414, 340	100. 00	

Note 1: Name of the supplier with more than 10% of the total purchase amount in the last two years and the amount and proportion of the purchase. Due to the contractual agreement, the name of the supplier or the object of the transaction may not be disclosed as an individual and a non-relevant person.

Note 2: If, before the date of publication of the annual report of a listed company, there is any financial information for the most recent period audited and attested or reviewed by a CPA, it shall also be disclosed therewith.

Reasons for the change: The purchase amount increased due to the demand for steel-related raw materials and finished products at all levels increased.

(V) Production quantity and value in the last two years

Unit: Tons, NT$ thousands

Years / Department	2021			2022		
	Production Capacity	Production Volume	Value of Production	Production Capacity	Production Volume	Value of Production
Steel department (ton)	148,864	111,346	4,347,133	148,894	91,662	4,301,768
Total	148,864	111,346	4,347,133	148,894	91,662	4,301,768

(VI) Sales quantity and value in the last two years:

Unit: Tons, NT$ thousands

Department	2021				2022			
	Domestic Sales		Overseas Sales		Domestic Sales		Overseas Sales	
	Sales Quantity	Sales Value	Sales Quantity	Sales Value	Sales Quantity	Sales Value	Sales Quantity	Sales Value
Steel department (ton)	120,278	5,973,686	14,464	541,514	108,699	6,060,363	12,404	494,639
Real estate investment department	-	-	-	-	-	-	-	-
Investment department		2,720						1,506
Hotel Services Department	-	40,698	-	-	-	67,837	-	-
Other sectors	-	-	-	-	-	-	-	-
Total	120,278	6,017,104	14,464	310,559	108,699	6,128,200	12,404	496,145

III. Employees

Number of Employees, Their Average Years of Service, Average Age, and Education Levels in the Last Two Years

Years			2021	2022	As of May 10, 2023
Number of Staff	Administration Department	Company	77	79	79
		Plant	49	45	46
	Production Department		253	255	248
	Total		376	381	372
Average Age			44.07	44.82	44.82
Average Year of Services			11.22	12.13	12.13
Education Distribution Ratio	Ph.D		0.00	0.00	0.00
	Master		0.01	0.01	0.02
	Bachelor		0.28	0.28	0.29
	High School		0.38	0.37	0.35
	Below Senior High School		0.32	0.33	0.33

IV. Information on environmental expenses: The Company has no impact on ROHS-related matters in the most recent year up to the date of publication of the Annual Report.

(I) Total amount of losses (including compensation) and penalties incurred due to environmental pollution in the most recent year up to date of publication of the Annual Report: None.

(II) Future countermeasures and possible expenditure:

1. Countermeasures, improvement plans: Not applicable.
2. Estimated environmental expenses in the next three years

Items		2023	2024	2025
A	Expense for purchasing pollution prevention equipment, etc.	Replacement of dust collector P006, P008 filter bag (including support cage)	Replacement of dust collector P005, P007 filter bag (including support cage)	Replacement of dust collector P006, P008 filter bag (including support cage)
	Improvement	NA	NA	NA
	Designed improvement amount	NT$600,000	NT$600,000	NT$600,000
	Actual expense			
B	Expense for purchasing pollution prevention equipment, etc.	Replacement of new acid storage (including piping works)		
	Improvement	NA	NA	NA

	Designed improvement amount	1,500,000		
	Actual expense			
C	Expense for purchasing pollution prevention equipment, etc.	Replacement of new acid storage barrel (including piping works)		
	Improvement	NA	NA	NA
	Designed improvement amount	1,500,000		
	Actual expense			

3. Impact after improvement: Compliance with environmental laws and regulations.

V. Labor Relations

(II) The Company's employee welfare and benefit measures such as the implementation of continuing education, training, retirement plans, dispute resolutions, employee rights, and maintenance of welfare measures are described as follows:

1. Employee welfare benefits:

The Employee Welfare Committee was established in October 1965. Since then, all operations have been carried out in accordance with the Employee Welfare Committee Charter. The welfare are as follows:

(1) Bonus: overtime, festival bonus, employee birthday bonus, year-end bonus of over 2 months

(2) Leave: two days off per week, paternity leave for male employees, parental leave, menstrual leave, annual leave

(3) Insurance: labor insurance, health insurance, accident insurance, employee/dependent group insurance, employee body check, employee indemnity, pension

(4) Food and beverage: employee cafeteria, missed meals allowance

(5) Clothing: employee uniforms

(6) Transportation: employee parking spaces or parking subsidies, transportation subsidies for business trips

(7) Entertainment: domestic travel, travel vouchers

(8) Subsidies: marriage subsidy, childbirth subsidy, education subsidy for children, in-service education and training, retirement planning (including pension and post-retirement benefits), funeral subsidy

(9) Employee compensation: 1-5% of the earnings is distributed as employee compensation in accordance with the Articles of Association

(10) Welfare bonus: 0.05% of the net profit, 20% of the revenue from the sale of scraps, and 0.5% of the monthly base salary are given as the monthly bonus.

2. Retirement system:

(1) Defined contribution plan - The Company's pension system under the Labor Pension Act is a defined contribution pension plan managed by the government. The Company shall contribute 6% of employees' monthly salaries to their personal accounts of the Bureau of Labor Insurance. In 2022, the amount contributed according to the proportion prescribed in the defined contribution plan is NT$9,354,000.

(2) Defined benefits plan - The Company's pension plan under the Labor Standards Act is a defined benefit pension plan. Employees' pension payments are calculated based on the length of service and the average salary for the six months before the approved retirement date. The Company contributes 4% of the employees' monthly salaries to the employees' pension fund, which is delivered to the Supervisory Committee of Labor Retirement Reserve and deposited to a special account at the Bank of Taiwan in the name of such committee.

(3) Defined benefit plan - Based on the employees that are eligible for retirement by the end of each year, the Company will calculate and deposit the full amount of the retirement reserve into the retirement reserve account of the Bank of Taiwan by the end of March of the year.

If the balance in the account is not sufficient to pay for the employees who are expected to be eligible for retirement in the following year, the difference will be withdrawn by the end of March of the following year. The account is managed by the central competent authority and the Company does not have the right to participate in the use of the pension fund. In 2022, the Company transferred NT$3,008 to the special account and repaid part of the net defined benefit liabilities.

3. Employees' interest protection measures: The Company has established a labor-management communication platform through the Mayer Steel Pipe Corporation Labor Union, which regularly holds annual meetings of the labor union representatives and quarterly meetings of the supervisors. Employees can express their opinions through labor representatives and meetings

4. On-the-job training and education:

In order to encourage employees to pursue continuous education, enrich their knowledge, and on-the-job training, we have formulated the "Employee On-the-job Training Incentive Program".

Details of our employees' on-the-job training in 2022 are as follows:

Department	Course Subject	Amount (NT$)
Audit Office	Internal audit training courses, on-the-job training courses for auditors, etc.	13,200
Finance Department	Accounting supervisor training, accounting supervisor continuing education course, chief corporate governance officer training course, etc.	22,000
Plant Affairs Division	Education and training, crane operator training, forklift operator training, etc.	26,429
R&D Division	Education and training, aerial lift vehicle training, overhead crane operation training, etc.	21,215
Carbon Steel Division	Education and training, ISO 9001 internal auditor training, aerial lift vehicle training, etc.	19,583
Quality Assurance Division	Management of measuring instruments course, education and training course, steel material residual stress theory course, etc.	17,248
Strip-cutting Department	Initial training for overhead crane operators	6,071
Production Management Department	Education and training, organic solvent work supervisor refresher training, overhead crane operation training, acetylene fusion training, etc.	32,113
Galvanizing Department	Overhead crane training course, forklift operator course, overhead crane operator course, etc.	18,863
Threading Department	Overhead crane operation training, overhead crane training courses, etc.	7,042
Control Division	ISO internal auditor training course	2,438
Stainless Steel Pipe Plant	Target setting and performance management, crane operator training, etc.	7,422
Stainless steel pipe manufacturing	Education and training, forklift operation training, ISO 9001 internal auditor training, etc.	16,590
Stainless Steel Sheet Plant	Overhead crane training course, ISO 9001 internal auditor course, etc.	10,947
Stainless Steel Sheet Cutting	Overhead crane operation training, overhead crane operator training, forklift operator training, etc.	11,943
Others -	2022 GHG Inventory Counseling	514,000

(2) Losses suffered from labor disputes in the most recent year and up to the date of publication of the Annual Report (including labor inspection results in violation of the Labor Standards Act, the date of penalty, the number of the penalty, the violated provision, the content of violated provision, and the content of the penalty shall be listed), and disclose the estimated amount and response measures that may occur now and in the future. If it cannot be reasonably estimated, the reason why it cannot be reasonably estimated shall be stated.

1. An employee of the Company's Youth-Shih Factory, Chen-Chang Fan, was lifting steel coils with a crane and was not instructed not to touch the steel coils with his hands during the lifting process, resulting in an injury caused by the steel coils, and was fined NT$60,000.

Date of Penalty	Penalty No.	Violated Provision	Content of Violated Provision	Content of Penalty
February 25, 2022	Taoyuan City Government Lao-Jian-Zi No. 1100043138	Paragraph 1, Article 6, Occupational Safety and Health Act	Lifting steel coils with a crane and was not instructed not to touch the steel coils with his hands during the lifting process, resulting in an injury caused by the steel coils. Therefore, the person violated Paragraph 6, Article 63 of the Safety Regulations for Lifting Equipment, which stipulates: "The employer should make the following matters for the workers using hoisting equipment to engage in lifting operation: ...VI. When the load is lifted off the ground, do not touch the load with your hands, and shop the hoisting equipment when the load is just off the ground to confirm whether the load is hanging tilted, loose and whether there are other abnormalities..." Paragraph 4, Item 1, Article 6 of the Occupational Safety and Health Act stipulated that "Employers shall have necessary safety and health equipment and measures in compliance with the following matters: .... IV. Prevention of hazards arising from quarrying, mining, loading, unloading, carrying,	In accordance with Paragraph 2, Article 43 of the Occupational Safety and Health Act, a fine of NT$60,000 was imposed, and the name of the penalized person and the name of the person in charge shall be announced in accordance with Paragraph 2, Article 49.

			stacking or logging operations..."	

2. Countermeasures:

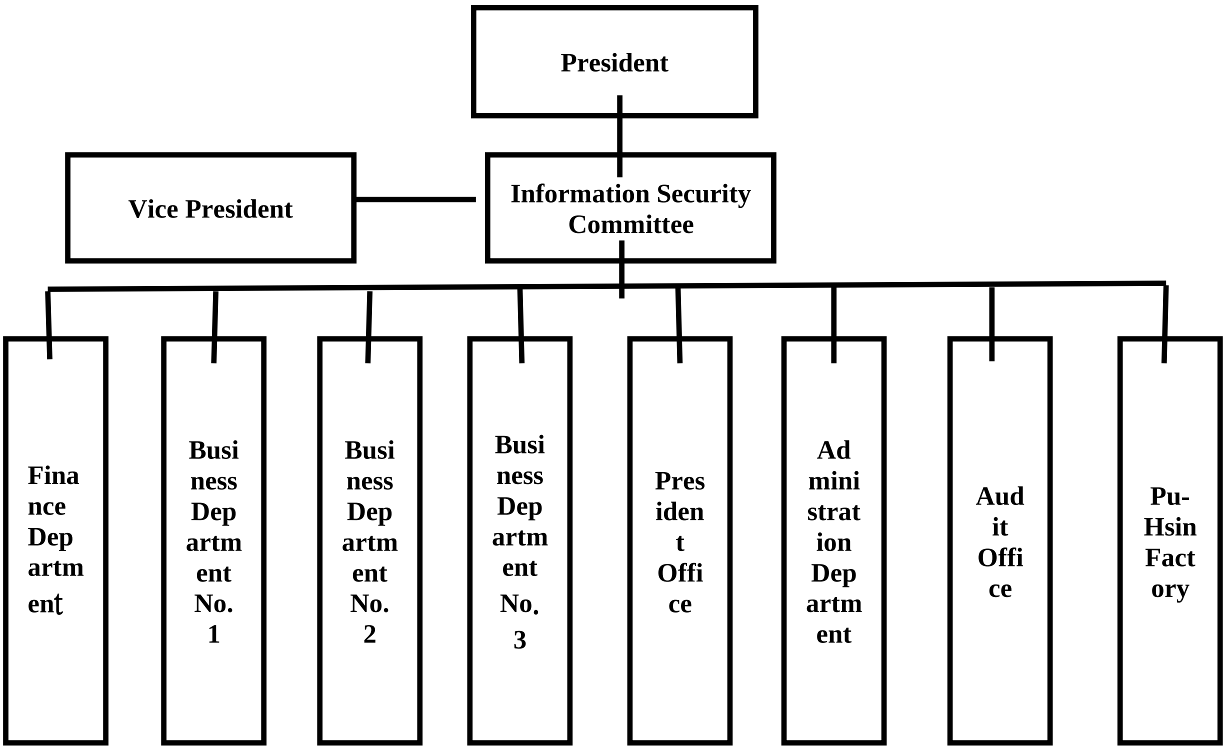
In view of this case, the importance of implementing adequate and necessary safety and health training should not be overlooked. The Company will continue to promote the importance of occupational safety and enhance the goal of a quality work environment to prevent occupational disaster.

VI. **Information Disclosure of Information Security Management**

I. Information Security Management Strategy and Structure:

(I). Information Security Risk Management Structure

1. Enterprise Information Security Organization. Mayer established the "Information Security Committee" in 2021 to coordinate the formulation, implementation, risk management and compliance inspection of information security-related policies. The Committee is chaired by Lung-Chi, Wu, deputy general manager, and members are heads of various departments. The directors of information units provide information security and information protection technical advice, the head of the information unit shall provide advice on information security and protection technology, hold regular meetings and report to the Audit Committee of the Board of Directors on the information security management, relevant issues and directions.
2. Organizational Structure of Enterprise Information Security



(II) Information Security Policy

Mayer Steel Pipe Corporation

Information Security Policy

1. Basis and Purpose of Information Security

In order to protect the security of the Company's information assets (including physical software and hardware facilities, data, information, etc.) from the risk of damage, loss or leakage due to external threats or internal improper use, this policy is formulated by the Information Security Committee hereby.

2. Scope

This policy applies to personnel who may access or use the Company's information equipment and electromagnetic carrier data, including all employees, contacts, contractors and staff appointed by manufacturers to support the Company.

3. Organization

The Information Security Committee reviews the Company’s information security planning and implementation.

4. Administration Principle

The Company's information security administration covers the following matters to avoid risks and hazards that may be caused by improper use, destruction, loss or leakage due to human negligence, deliberate or natural disasters. The Company's information security administration matters are as follows:

4.1. Security management of information assets

4.2. Personnel safety management and training programs

4.3. Physical and environmental safety management

4.4. Computer system and network security management

4.5. System access control

4.6. Safety management of system development and maintenance

5. Responsibility

5.1. The Company shall timely review and revise this policy, and implement after approval by the general manager

to ensure that the policy meets the current demand.

5.2. Heads of departments shall actively publicize and require their subordinates to understand and abide by this security policy and all information security

related regulations.

5.3. All employees shall implement the requirements of this policy.

5.4. Dispatchers, contractors and contract manufacturers are responsible for following this security policy.

5.5. All employees are responsible for reporting information security incidents or information security weaknesses

discovered through an appropriate reporting system.

5.6. Any act endangering information security should be prosecuted for appropriate punishment.

5.7. Relevant information security measures or specifications shall comply with the requirements of current laws and regulations.

6. Punishment

If any colleague violates this information security policy, the Information Office shall immediately suspend his/her use rights, and notify the Information Security Committee and the party concerned and head of department.

II. Information Security Risks and Countermeasures:

(I) Information Technology Security Risks and Management Measures. Mayer has established network- and computer-related information security protection measures, but it cannot guarantee that the computer system that controls or maintains the company's manufacturing operations and accounting and other important corporate functions can completely prevent network attacks from any third-party system paralysis. These network attacks illegally penetrate the Mayer's internal network system to disrupt the Company's operations and damage the Company's goodwill. In the event of a serious network attack, Mayer's system may lose important data. Mayer continuously reviews and evaluates its information security rules and procedures to ensure appropriateness and effectiveness, but it cannot guarantee that the Company will not be affected by the new risks and attacks in the rapidly changing information security threats. Network attacks may also attempt to steal the Company's business secrets and other confidential information, such as the proprietary information of customers or other stakeholders and the personal information of Mayer employees. Malicious hackers may also try to import computer viruses, destructive software or ransomware into Mayer's network system to interfere with the Company's operation, blackmail or extort against Mayer, obtain right of control of the computer system, or pry into confidential information. These attacks may result in the Company having to compensate customers for delayed or interrupted orders; or to implement remedial and improvement measures at substantial expense to strengthen the Company's network security systems; It may also cause Mayer to bear major legal liabilities for relevant legal cases or regulatory investigations caused by the leakage of information from employees, customers or third parties to which the Company has confidentiality obligations. Mayer could face similar malware attacks in the future. In order to prevent and reduce the damage caused by such attacks, Mayer implements and continuously updates relevant improvement measures, including set up network firewall and network control to prevent the spread of computer viruses across the plant; Build terminal anti-virus measures according to computer type; Import advanced solutions to detect and handle malware; Design and develop information security to strengthen individual computers for employees; Import new technologies to strengthen data protection and strengthen phishing email detection. Although Mayer continues to strengthen its information security protection measures, it still cannot guarantee that the Company is free from malware and hacker attacks. And may cause seriously damage the Company's commitment to customers and other stakeholders, in addition, the company's operating results, financial condition, prospects and reputation may also be materially and adversely affected.

III. Major Information Security Event: None.

VII. Important Contracts: List the parties, main contents, restrictive clauses and the start and end dates of Supply Contracts, Technical Cooperation Contracts, Engineering Contracts, Long-term Loan Contracts and other important contracts that may affect shareholders' rights and interests that are still valid as of the printing date of the annual report and expire in the following year.

Nature of contract	Counterparty	Contract start and end date	Main content	Restrictions

Supply contract	CSC	Monthly contract	Purchase materials	None
Supply contract	Tang Eng	Half-year contract	Purchase materials	None
Supply contract	Tung Mung	Monthly contract	Purchase materials	None
Supply contract	Japan SUMITOMO	April 1, 2023 - December 31, 2023	Purchase materials	None
Supply contract	Yieh United	Monthly contract	Purchase materials	None
Supply contract	Chung Hung	Monthly contract	Purchase materials	None
Supply contract	SORIN	March 1, 2023 - December 31, 2023	Purchase materials	None

Chapter 6. Financial Overview

I. Condensed balance sheet, income statement, external auditor's name and audit opinion for the past five years

(一) Condensed balance sheet

1. Condensed balance sheet and consolidated income statement

Condensed balance sheet (consolidated)

Unit: NT$ thousands

Items / Years		Financial Resources for latest 5 Years (Note 1)					Financial information as of March 31, 2023 (Note 3)
		2022	2021	2021	2019	2018	
Current assets		4,071,605	4,896,581	3,714,930	3,118,544	3,351,074	4,218,978
Property, plant and equipment (Note 2)		1,016,695	1,007,236	1,024,556	1,074,738	914,795	1,040,043
Intangible assets		8,151	3,455	3,141	2,210	2,210	7,652
Other assets (Note 2)		2,289,618	2,224,563	2,034,752	2,107,362	1,457,784	2,242,540
Total assets		7,386,069	8,131,835	6,777,379	6,302,854	5,725,863	7,509,213
Current liabilities	Before distribution	3,265,368	3,540,286	2,582,824	2,154,279	2,415,454	3,464,301
	After distribution	3,487,894	4,207,864	2,961,118	2,565,952	2,729,991	Not yet distributed
Non-current liabilities		914,135	967,260	1,050,200	1,017,469	296,509	888,594
Total liabilities	Before distribution	4,179,503	4,507,546	3,633,024	3,171,748	2,711,963	4,352,895
	After distribution	4,402,029	5,175,124	4,011,318	3,583,421	3,023,500	Not yet distributed
Profit and/or loss attributable to the owners of parent company		3,202,927	3,620,812	3,138,352	3,132,618	3,014,078	3,152,458
Share Capital		2,225,261	2,225,261	2,225,261	2,225,261	2,225,261	2,225,261
Capital reserve		281,622	281,622	281,622	281,622	283,711	281,622
Retained earnings	Before distribution	687,287	1,184,423	810,861	833,959	727,657	632,300
	After distribution	464,761	516,845	432,567	422,286	416,120	Not yet distributed
Other equity		8,757	-70,494	-179,392	-208,224	-242,551	13,275
Treasury Stock		-	-	-	-	-	-
Non-controlling interest		3,639	3,477	6,003	-1,512	-170	3,860
Total equity	Before distribution	3,206,566	3,624,289	3,144,355	3,131,106	3,013,900	3,156,318
	After distribution	2,984,040	2,956,711	2,766,061	2,719,433	2,702,363	Not yet distributed

Condensed balance sheet (parent company only)

Unit: NT$ thousands

Items \ Year		Financial Resources for latest 5 Years (Note 1)					Financial information as of March 31, 2023 (Note 3)
		2022	2021	2021	2019	2018	
Current assets		3,331,208	4,148,039	2,949,365	2,356,422	2,464,040	
Property, plant and equipment (Note 2)		845,135	810,330	798,430	836,762	846,887	
Intangible assets		6,082	937	177	0	—	
Other assets (Note 2)		2,611,676	2,525,267	2,340,693	2,385,387	2,332,130	Real
Total assets		6,794,101	7,484,573	6,088,665	5,578,571	5,643,057	
Current liabilities	Before distribution	3,198,460	3,458,522	2,502,688	2,061,877	2,336,199	
	After distribution	3,420,986	4,126,100	2,880,982	2,473,550	2,647,736	Applicable
Non-current liabilities		392,714	405,239	447,615	384,076	292,780	
Other liabilities		-	-	-	-	-	
Total liabilities	Before distribution	3,591,174	3,863,761	2,950,303	2,445,953	2,628,979	
	After distribution	3,813,700	4,531,339	3,328,597	2,857,626	2,940,516	
Share Capital		2,225,261	2,225,261	2,225,261	2,225,261	2,245,261	
Capital reserve		281,622	281,622	281,622	281,622	283,711	
Retained earnings	Before distribution	687,287	1,184,423	810,861	833,959	727,657	
	After distribution	464,761	516,845	432,567	422,286	416,120	
Other equity		8,757	-70,494	-179,392	-208,224	-242,551	
Treasury Stock		-	-	-	-	-5,591	
Total equity	Before distribution	3,202,927	3,620,812	3,138,362	3,132,618	3,014,078	
	After distribution	2,980,401	2,953,234	2,760,068	2,720,945	2,702,541	

Note 1: The above annual financial statements have been audited by CPAs.

Note 2: Companies that compiled parent company only financial reports shall prepare condensed balance sheet and comprehensive income statement of the past five years.

Note 3: Companies that complied with IFRS for financial reporting for less than five years should prepare additional financial information based on Taiwan's ASBE under Table (2) below.

Note 4: The year not certified by a CPA shall be stated.

Note 5: Those who have applied for asset revaluation in the year should include the date of processing and the value of the revaluation.

Note 6: If, before the date of publication of the annual report of a listed company, there is any financial information for the most recent period audited and attested or reviewed by a CPA, it shall also be disclosed therewith.

Note 7: The above-mentioned figures after distribution are based on the resolution of the following year's shareholders' meeting.

Note 8: For those who have been notified by the competent authority to revise their financial information or make the corrections by themselves, all the figures/numbers used shall be the revised or corrected ones, and the status and reasons for such revision shall be noted.

Condensed conprehensive Income Statement (consolidated)

Unit: NT$ thousands

Items \ Year	Financial Resources for latest 5 Years (Note 1)					Financial information as of March 31, 2023 (Note 2)
	2022	2021	2021	2019	2018	
Revenue	6,624,345	6,558,618	5,073,767	4,483,371	4,735,676	1,651,278
Gross operating profit, net	424,119	856,820	490,405	481,809	424,303	217,258
Operating Profit	230,552	522,641	267,460	253,882	186,175	147,877
Non-operating income and expense	108,438	383,533	178,471	241,288	170,285	44,329
Net profit (loss) before tax of continuing business units	338,990	906,174	445,931	495,170	356,460	192,206
Net profit (loss) of continuing business units for the period	266,632	778,503	392,144	435,331	311,786	167,773
Loss from discontinued operations	–	–	–	–	–	
Net Profit after Tax	266,632	778,503	392,144	435,331	311,786	167,773
Other comprehensive income for the period (net amount after tax)	77,329	96,797	28,326	27,752	−83,167	4,505
Total comprehensive income for the period	343,961	875,300	420,470	463,083	228,619	172,278
Net profit attributable to the owners of parent company	266,632	782,909	392,624	436,706	300,590	167,539
Net profit attributable to non-controlling interest		−4,406	−480	−1,375	11,196	234
Total comprehensive income attributable to the owners of parent company	343,799	879,826	421,283	464,417	215,606	172,057
Total comprehensive income attributable to non-controlling interest	162	−4,526	−813	−1,334	13,013	221
Earnings per share (unit: NT$)	1.20	3.52	1.76	1.96	1.34	0.75

Condensed conprehensive Income Statement (parent company only)

Unit: NT$ thousands

Year / Items	Financial Resources for latest 5 Years (Note 1)					Financial information as of March 31, 2023 (Note 2)
	2022	2021	2021	2019	2018	
Revenue	6,234,974	6,199,234	4,811,114	4,194,836	4,347,417	
Gross operating profit, net	392,735	809,144	480,432	441,100	326,704	
Operating Profit	235,079	537,895	293,431	246,341	115,631	Real
Non-operating income and expense	96,111	356,619	147,051	241,793	214,503	
Net profit (net loss) before tax	331,190	894,514	440,482	488,134	330,134	
Profit (loss) before tax of continuing business units	266,632	782,909	392,624	436,706	300,590	Applicable
Profit (loss) from discontinued operations	-	-	-	-	-	
Net Profit (net loss) after Tax	266,632	782,909	392,624	436,706	300,590	
Other comprehensive income for the period	77,167	96,917	28,659	27,711	-84,984	
Total comprehensive income for the period	343,799	879,826	421,283	464,417	215,606	
Earnings per share (unit: NT$)	1.20	3.52	1.76	1.96	1.34	

Note 1: The above annual financial statements have been audited by CPAs.

Note 2: Companies that compiled parent company only financial reports shall prepare condensed balance sheet and comprehensive income statement of the past five years.

Note 3: Companies that complied with IFRS for financial reporting for less than five years should prepare additional financial information based on Taiwan's ASBE under Table (2) below.

Note 4: The year not certified by a CPA shall be stated.

Note 5: If, before the date of publication of the annual report of a listed company, there is any financial information for the most recent period audited and attested or reviewed by a CPA, it shall also be disclosed therewith.

Note 6: The net amount of loss from discontinued operations is listed after deducting income tax.

Note 7: Where the Company is notified by the authority in charge that its financial information shall be corrected or re-prepared, the Company shall compile its financial information using the corrected or re-prepared figures, and shall indicate related circumstances and reasons.

(III) Name and audit opinion of CPAs:

Year	CPA Name	Audit opinion
2018	Chin-Feng Lin, Ya-Chuan Chang	Unqualified opinion (Matters of emphasis or other matters)
2019	Chin-Feng Lin, Ya-Chuan Chang	Unqualified opinion (Matters of emphasis or other matters)

2020	Chin-Feng Lin, Ya-Chuan Chang	Unqualified opinion (Matters of emphasis or other matters)
2021	Chin-Feng Lin, Ya-Chuan Chang	Unqualified opinion (Matters of emphasis or other matters)
2022	Chun-Chih Lin, Meng-Ta Wu	Unqualified opinion (emphasis of matter or other matters)

II. Financial analysis for the past five years:

Financial analysis (consolidated)

Analysis Item (Note 3) / Year (Note 1)		Financial analysis for the past five years					As of March 31, 2023 (Note 2)
		2022	2021	2021	2019	2018	
Financial structure (%)	Liabilities to assets ratio	56.59	55.43	53.61	50.32	47.36	57.97
	Long-term working capital to real estate, plants and equipment ratio	405.3	455.86	409.40	386.01	361.87	388.92
Solvency %	Current ratio	124.69	138.31	143.83	144.76	138.73	121.78
	Quick ratio	58.32	62.35	74.77	77.22	70.38	55.20
	Interest coverage multiplicity	6.97	19.37	10.16	14.67	12.02	12.87
Manageability	Accounts receivable turnover rate (number of times)	12.09	11.7	10.14	9.71	8.61	11.47
	Average cash collection days	30.2	31.19	36.01	37.59	42.39	31.83
	Inventory turnover rate (number of times)	2.72	2.72	3.05	2.78	2.84	2.74
	Accounts payable turnover rate (number of times)	17.02	14.98	13.23	9.04	8.64	19.19
	Average days required for sales	134.19	134.19	119.67	131.29	128.52	133.21
	Property, plant and equipment turnover rate (number of time)	6.55	6.46	4.83	4.51	5.10	6.42
	Aggregate total asset turnover rate (number of times)	0.85	0.88	0.78	0.75	0.81	0.89
Profitability	Return on assets (%)	4.02	10.97	6.59	7.72	5.76	9.71
	Return on equity (%)	7.81	23	12.50	14.17	9.81	21.09
	Profit before tax to paid-in capital (%) (Note 7)	15.23	40.72	20.04%	22.25	15.88	34.55
	Profit margin (%)	4.03	11.87	7.73	9.71	6.58	10.16
	Earnings per share (NT$)	1.2	3.52	1.76	1.96	1.34	0.75
Cash flow	Cash flow ratio (%)	34.77	4.97	- 1.85	28.65	15.56	1.90
	Cash flow adequacy ratio (%)	59.41	38.51	73.02	107.31	101.10	49.95
	Cash reinvestment ratio (%)	9.16	-3.7	- 9.29	6.24	1.03	5.68
Leverage	Operating leverage	616.48	316.08	443.19	409.89	543.61	290.43
	Financial leverage	132.65	110.42	122.24	116.64	121.02	112.30

The reasons for all financial ratio changes within the last two years are as follows. (Analysis is not required if the change is within 20%)
1. Interest coverage multiple: The decrease of 64.02% from the previous year was mainly due to the decrease in income before tax in FY2022 compared to FY2021
2. Return on assets :The decrease of 63.35% from the previous year was mainly due to the decrease in income after tax in FY2022 compared to FY2021..
3. Return on Equity: The decrease of 66.04% from the previous year was mainly due to the decrease of after-tax income in FY2022 compared to the previous year.
4. Profit before tax to paid-in capital: Decrease of 62.6% compared to the previous year, mainly due to the decrease in net income before tax in FY2022
5. Profit margin :Decrease of 66.05% compared to the previous year mainly due to the decrease of after-tax benefit in FY2022 compared to FY2021
6. Earnings per share: 65.91% decrease compared to the previous year mainly due to the increase in overall operating costs in FY2022
7. Cash flow ratio: The increase of 599.6% from the previous year was mainly due to the increase in cash inflow from operating activities as a result of the increase in inventories in the current period.
8. Cash flow sufficiency ratio: The increase of 54.27% over the previous year was mainly due to the increase in the average cash inflow for the past five years
9. Cash reinvestment ratio: The increase of 347.57% over the previous year was mainly due to the higher cash inflow from operating activities in the current period.
10. Operating leverage: The increase of 95.04% over the previous year was mainly due to the decrease in operating income in FY2022 compared to FY2021..
11. Financial leverage: The increase of 20.13% from the previous year was mainly due to the decrease in operating income in FY2022 compared to FY2021.

Financial analysis (parent company only)

Analysis Item (Note 3) \ Year (Note 1)		Financial analysis for the past five years					As of March 31, 2023 (Note 2)
		2022	2021	2021	2019	2018	
Financial structure (%)	Liabilities to assets ratio	52.86	51.62	48.46	43.85	46.59	
	Long-term working capital to real estate, plants and equipment ratio	425.45	496.84	449.13	420.27	381.13	
Solvency %	Current ratio	104.15	119.94	117.85	114.29	105.47	Not
	Quick ratio	53.59	58.79	67.56	68.23	56.85	
	Interest coverage multiplicity	8.87	27.57	14.75	17.06	11.22	
Manageability	Accounts receivable turnover rate (number of times)	12.55	12.13	10.48	9.72	8.68	
	Average cash collection days	29.08	30.08	34.83	37.55	42.05	Applicable
	Inventory turnover rate (number of times)	3.38	3.45	4.33	4.00	3.97	
	Accounts payable turnover rate (number of times)	16.89	15.31	13.75	9.40	9.04	
	Average days required for sales	107.99	105.8	84.30	91.25	91.94	
	Property, plant and equipment turnover rate (number of time)	7.53	7.71	5.88	4.98	5.01	
	Aggregate total asset turnover rate (number of times)	0.87	0.91	0.82	0.75	0.76	
Profitability	Asset return ratio (%)	4.21	11.93	7.17	8.22	5.74	
	Return on equity (%)	7.81	23.17	12.52	14.21	9.66	
	Profit before tax to paid-in capital (%) (Note 7)	14.88	40.2	19.79	21.94	14.70	
	Profit margin (%)	4.28	12.63	8.16	10.41	6.91	
	Earnings per share (NT$)	1.2	3.52	1.76	1.96	1.34	
Cash flow	Cash flow ratio (%)	34.82	5.43	3.30	31.07	16.39	
	Cash flow adequacy ratio (%)	68.59	66.44	95.70	147.54	148.43	
	Cash reinvestment ratio (%)	9.01	-3.85	- 6.76	6.77	1.20	

Leverage	Operating leverage	550.99	286.2	375.97	391.27	761.72	
	Financial leverage	121.81	106.68	112.26	114.07	138.78	

The reasons for all financial ratio changes within the last two years are as follows. (Analysis is not required if the change is within 20%)

1. Interest coverage multiple: The decrease of 67.83% from the previous year was mainly due to the decrease in income before tax in FY2022 compared to FY2021..
2. Return on assets: The decrease of 64.71% from the previous year was mainly due to the decrease of after-tax income in FY2022 compared to the previous year.
3. Return on Equity: Decrease of 66.29% compared to the previous year, mainly due to the decrease in net income before tax in FY2022
4. Profit before tax to paid-in capital: Decrease of 62.99% compared to the previous year, mainly due to the decrease in net income before tax in FY2022
5. Profit margin :Decrease of 66.11% compared to the previous year mainly due to the decrease of after-tax benefit in FY2022 compared to FY2021
6. Earnings per share: 65.91% decrease compared to the previous year mainly due to the increase in overall operating costs in FY2022
7. Cash flow ratio: The increase of 541.25% from the previous year was mainly due to the increase in cash inflow from operating activities as a result of the increase in inventories in the current period.
8. Cash reinvestment ratio: The increase of 334.03% over the previous year was mainly due to the higher cash inflow from operating activities in the current period.
9. Operating leverage: The increase of 92.52% over the previous year was mainly due to the decrease in operating income in FY2022 compared to FY2021..

Note: The above quarterly financial statements have been audited by CPAs.

Note 1: Companies that have prepared parent company only financial statements shall also prepare an analysis of the company's parent company only financial ratios.

Note 2: Companies that complied with IFRS for financial reporting for less than five years should prepare additional financial information based on Taiwan's ASBE under Table (2) below.

Note 3: The year not certified by a CPA shall be stated.

Note 4: If, before the date of publication of the annual report of a listed company, there is any financial information for the most recent period audited and attested or reviewed by a CPA, it shall also be disclosed therewith.

Note 5: The formulas below shall be set out in the end of this table of the Annual Report:

1. Financial structure
   (1) Liabilities to assets ratio＝Total liabilities／Aggregate total of assets.
   (2) Long-term working capital to real estate, plants and equipment ratio＝(Aggregate total of equity＋Non-current liabilities)／ Real estate, plants and equipment, net.
2. Solvency
   (1) Current ratio ＝Current assets／Current liabilities.
   (2) Quick ratio ＝（Current assets－Inventory－Expenses paid in advance）／Current liabilities.
   (3) Interest coverage multiplicity＝Net profit before income tax, interest and expenses／Interest expenditures this term.
3. Operation capacity
   (1) Accounts receivable(including notes receivables from operating activities and accounts receivable) turnover rate＝ Net sales／Average balance of accounts receivable(including notes receivables from operating activities and accounts receivable) in various terms.
   (2) Average cash collection days＝365／Accounts receivable turnover rate.
   (3) Inventory turnover rate＝Sales costs／Average amount of inventory.
   (4) Accounts payable (including notes payable from operating activities and accounts payable) turnover rate＝ Sales costs／Average balance of accounts payable (including notes payable from operating activities and accounts payable) of various terms.
   (5) Average days required for sales＝365／Inventory turnover rate.
   (6) Property, plant and equipment turnover rate＝ Net sales／Average Property, plant and equipment, net.
   (7) Aggregate total asset turnover rate＝ Net sales／Average aggregate total of assets.
4. Profitability
   (1) Asset return ratio ＝〔Profit and/or loss after tax＋Interest expensesx（１－Tax rate）〕／Average aggregate total of assets.
   (2) Equity return ratio ＝Profit and/or loss after tax／Average aggregate total of equity.
   (3) Net profitability ＝Profit and/or loss after tax／ Net sales.

(4) Earnings per share ＝（Profit and/or loss belonging to parent company proprietor －Preferred shares dividend）／Weighted average number of outstanding shares. (Note 4)

5. Cash flow
   (1) Cash flow ratio＝Cash flow in operating activities／Current liabilities.
   (2) Net cash flow adequacy ratio＝Cash flow in operating activities over the past five years／(Capital expenditure＋Amount of inventory increase ＋Cash dividend) for the past five years.
   (3) Cash reinvestment ratio＝(Cash flow in operating activities－Cash dividend)／(Gross property, plant, and equipment ＋Long-term investment ＋Other assets＋operating fund). (Note 5)

6. Leverage:
   (1) Operating leverage= (Net operating revenue-changed operating costs and expenses)/operating income(Note 6)
   (2) Financial Leverage＝Operating interests ／ (Operating interests－Interest expenses).

Note 6: Special attention shall be paid to the following matters when using the calculation formula of earning per share above:

1. Shares outstanding is based on weighted average shares, and not based on year end shares outstanding.
2. Cash offerings or treasury stock transactions are considered in calculating weighted average shares.
3. Earnings appropriation or reserves to paid in capital shall be calculated and adjusted accordingly.
4. If preferred shares are cumulative non-convertible preferred shares, dividends shall be subtracted (regardless of whether they are paid out in dividends), from after tax net profit. If preferred shares are non-cumulative, in the event of net profits, preferred shares shall be subtracted after tax, but no adjustments needed if there are losses.

Note 7: Special attention should be paid to the following when measuring cash flow analysis:

1. Cash flows from operating activities refers to operating cash flows.
2. Capital expenditures are from the annual cash flow statements on capital expenditure outflows.
3. Inventory increases are from period end balance greater than period beginning balances, if inventories are less, then zero is applied.
4. Cash dividends includes common stock and preferred shares dividends.
5. Property, plant, and machinery balance is after subtracting accumulative depreciation.

Note 8: The issuer shall classify the operating costs and operating expenses as fixed or variable as per their nature. If it involves estimation or subjective judgment, they are classified based on rationality and consistency.

Note 9: Where corporation shares have no par value or where the par value per share is not NT$10, any calculations that involve paid-in capital and its ratio shall be replaced with the equity ratio belonging to the owner of the parent company of the asset balance sheet.

III. Audit Committee's Review Report for the Financial Statements of the Most Recent Year

Audit Committee's Review Report

The board of directors shall prepare and submit the company's business report and financial report and the earnings distribution proposal in 2022. The financial statements have been audited by Crowe Horwath United Certified Public Accountants appointed by the board of directors, and an audit report has been issued.
The Business Report, Financial Statements and the earnings distribution proposal have been reviewed by the Audit Committee, which has not found any inconsistencies with applicable laws in our review of the aforementioned documents. Therefore, the Audit Committee hereby issues this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Please Verify

Mayer Steel Pipe Corporation
Convenor of the Audit Committee:
Huang-Chi Liu

March 13, 2023

IV. Financial Statements for the Most Recent Year (Including an CPA Auditor's Report, Two-year Comparative Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Chart, and Note or Appendix.)

Statement

In 2022 (from January 1 to December 31, 2022), the Company's entities that are required to be included in the consolidated financial statements of affiliated enterprises under the "Criteria Governing Preparation of Consolidated Business Report of Affiliated Enterprises, Consolidated Financial Statements of Affiliated Enterprises, and Affiliation Reports" are the same as those required to be included in the parent-subsidiary consolidated financial statements under the International Financial Reporting Standards 10. Moreover, the related information required to be disclosed for the consolidated financial statements of affiliated enterprises has been fully disclosed in the aforementioned parent-subsidiary consolidated financial statements. Consequently, a separate set of consolidated financial statements of affiliated enterprises is not prepared.

HEREBY DECLARE THAT

Company Name: Mayer Steel Pipe Corporation

Person in charge: Chun-Fa Huang

March 13, 2023

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Mayer Steel Pipe Corporation as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Mayer Steel Pipe Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Mayer Steel Pipe Corporation

By

Chun-Fa Huang
Chairman

March 13, 2023

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

Mayer Steel Pipe Corporation

Opinion

We have audited the accompanying consolidated financial statements of Mayer Steel Pipe Corporation and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis of opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters from the Group' s consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Valuation of inventory

As of December 31, 2022, the inventory - manufacturing net amount of Mayer Steel Pipe Corporation and subsidiaries is NT$1,124,247 thousand (after deducting allowance for inventory valuation, obsolescence losses, and idled losses of NT$48,771 thousand). Please refer to Notes 5 and 6 (8) for the consolidated financial statements. The inventory valuation of the Group are affected by international steel price and market fluctuations, possibly resulting in slow-moving inventory and subsequent obsolescence losses. The Group' s accounting policies for reporting allowance for inventory valuation and obsolescence losses are based on information on the age of inventory, which comes from management' s evaluation of the expected net realizable value of each product based on inventory sales and purchase price to determine the value of normal quality inventory by the lower cost and net realizable value and report allowances for valuation loss. Because such evaluation involves major judgments from management and the inventory' s book value is such a major part of consolidated financial statements, we have listed inventory valuation as a key audit matters. Our primary auditing procedure for the aforementioned item is as follows:

1. Understand and evaluate the design and effectiveness of the Group' s internal inventory control system, including the accuracy of reported age of inventory.
2. Evaluate the age of inventory at the end of the year and take samples to verify the accuracy of reported age of inventory.

3. Verify that basic assumptions made in the calculation of net realizable values are sound.
4. Conduct inventory sampling at the end of the year to confirm and evaluate whether the inventory is out of date or damaged.

Valuation of financial assets

As of December 31, 2022, the Group's non-current financial assets at fair value through profit or loss, non-current financial assets at fair value through other comprehensive income, and net investment accounted under the equity method totals NT$1,052,609 thousand. Please refer to Notes 5 and 6 (2), (3), and (12). The Group assess their fair value and report their financial asset (losses) income at fair value, unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income, and shares of income of affiliated companies and joint ventures accounted under the equity method. These assessments are made by management based on assessment reports by professional appraisal companies and the net equity value and current gains/losses of affiliated companies. The management evaluates increases and decreases in book value to recognize the shares of investees' income, then evaluate whether there are any objective evidence of impairment to determine any impairment amount. Because book value is significant to the consolidated financial statements, we have listed non-current financial asset at fair value through other comprehensive income, non-current financial assets at fair value through other comprehensive income, and net investment amount recognized under the equity method as key audit matters. Our primary auditing procedure for the aforementioned item is as follows:

1. Obtain professional appraisal report of the Group's non-current financial assets at fair value through other comprehensive income, non-current financial assets at fair value through other comprehensive income, as well as the most recent comparable financial statements provided by affiliate companies to verify the soundness of how the fair value is determined.
2. Verify the accuracy of reported financial assets at fair value through profit or loss, unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income, and shares of profits and losses of affiliated companies and joint ventures recognized under the equity method.

3. Make adjustments to the financial statements of affiliated companies based on auditing results so that the financial statements comply with the requirements and presentations of the IFRS, IAS, IFRIC, and SIC approved by Financial Supervisory Commission.

Other Matters

We did not audit the financial statements of certain Those financial statements were audited by other independent accountants, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included in the consolidated financial statements was based solely on the reports of other independent accountants. Investments in these associates amounted to NT$387,506 thousand and NT$370,500 thousand, representing both 5% of the consolidated total assets as of December 31, 2022 and 2021 respectively. the share of profit of these associates accounted for using equity method amounted to NT$71,624 thousand and NT$78,267 thousand, representing 21%and 9% of total consolidated income before income tax for the years then ended, respectively. In addition, the share of other comprehensive income of these associates accounted for using equity method amounted to NT$14,822 thousand and NT$(3,556) thousand, representing 19% and (4%) of total consolidated comprehensive income for the years then ended, respectively.

We have also audited the parent company only financial statements of Mayer Steel Pipe Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

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

Auditor's 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our auditor opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethica1 requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chun-Chih Lin and Meng-Ta Wu.

Crowe (TW) CPAs
Taipei, Taiwan (Republic of China)

March 13, 2023

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.

Mayer Steel Pipe Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS

December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

	December 31, 2022			December 31, 2021		
Assets		Amount	%		Amount	%
Current assets：						
Cash and cash equivalents (Note 6)	$	628,926	9	$	539,679	7
Financial assets at fair value through profit or loss-current (Note 6)		27,336	1		65,875	1
Financial assets at fair value through other comprehensive income-current (Note 6)		9,720	-		48,080	1
Financial assets at amortised cost-current (Note 6)		19,580	-		56,800	1
Notes receivable, net (Note 6)		68,417	1		91,930	1
Accounts receivable, net (Note 6)		471,619	6		425,572	5
Accounts receivable from related parties, net (Note 6 and 7)		15,103	-		23,498	-
Finance lease receivable, net (Note 6 and 8)		1,118	-		1,068	-
Other receivables (Note 6)		141,634	2		118,234	1
Current tax assets		57	-		57	-
Inventories (manufacturing business) (Note 6)		1,124,247	15		1,807,251	22
Inventories (for construction business) (Note 6、7 and 8)		898,507	12		724,666	9
Prepayments (Note 6)		144,593	2		157,143	2
Other current assets (Note 6 and 8)		520,748	7		836,728	10
Total current assets		4,071,605	55		4,896,581	60
Non-current assets：						
Financial assets at fair value through profit or loss-non-current (Note 6)		310,522	4		447,909	6
Financial assets at fair value through other comprehensive income-non-current (Note 6)		136,101	2		166,073	2
Investments accounted for using equity method(Note 6 and 7)		605,986	8		588,201	7
Property, plant and equipment(Note 6 and 8)		1,016,695	14		1,007,236	12
Right-of-use assets(Note 6)		564,098	8		619,140	8
Investment property (Note 6 and 8)		144,702	2		147,635	2
Intangible assets		8,151	-		3,455	-
Deferred tax assets(Note 6)		21,764	-		8,946	-
Other non-current assets(Note 6, 7, 8 and 9)		506,445	7		246,659	3
Total non-current assets		3,314,464	45		3,235,254	40
Total assets	$	7,386,069	100	$	8,131,835	100
Liabilities and equity						
Current liabilities：						
Short-term loans (Note 6 and 8)	$	2,534,979	34	$	2,633,443	32
Short-term notes and bills payable (Note 6 and 8)		36,985	1		29,958	-
Contract liabilities-current (Note 6 and 7)		75,139	1		61,003	1
Notes payable		257,672	3		347,068	4
Accounts payable		33,822	-		89,751	1
Accounts payable to related parties (Note 7)		120	-		126	-
Other payables		122,886	2		186,900	2
Other payables to related parties (Note 7)		282	-		11	-
Current tax liabilities		136,441	2		127,101	2
Lease liabilities-current (Note 6)		56,985	1		54,934	1
Long-term liabilities, current portion (Note 6 and 8)		2,755	-		2,750	-
Other current liabilities, others		7,302	-		7,241	-
Total current liabilities		3,265,368	44		3,540,286	43
Non-current liabilities：						
Long-term loans (Note 6 and 8)		17,417	-		20,152	-
Provisions-non-current (Note 6 and 9)		34,191	1		38,664	1
Current tax liabilities, non-current (Note 6)		53,542	1		37,253	1
Deferred income tax liabilities (Note 6)		178,779	3		170,279	2
Lease liabilities-non-current (Note 6)		530,753	7		580,120	7
Net defined benefit liability, non-current(Note 6)		592	-		29,209	-
Other non-current liabilities, others(Note 6)		98,861	1		91,583	1
Total non-current liabilities		914,135	13		967,260	12
Total liabilities		4,179,503	57		4,507,546	55
Equity attributable to owners of parent						
Capital stock (Note 6)		2,225,261	30		2,225,261	27
Capital surplus(Note 6)		281,622	4		281,622	4
Retained earnings(Note 6)						
Legal reserve		311,875	4		236,689	3
Special reserve		102,504	1		179,392	2
Unappropriated retained earnings		272,908	4		768,342	10
Total retained earnings		687,287	9		1,184,423	15
Other equity interest (Note 6)		8,757	-	(	70,494)	(1)
Total equity attributable to owners of parent		3,202,927	43		3,620,812	45
Non-controlling interests (Note 6)		3,639	-		3,477	-
Total equity		3,206,566	43		3,624,289	45
Total liabilities and equity	$	7,386,069	100	$	8,131,835	100

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

Mayer Steel Pipe Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Operating revenue (Note 6, 7 and 14)	$ 6,624,345	100	$ 6,558,618	100
Operating costs (Note 6 and 7)	(6,199,928)	(94)	(5,700,901)	(87)
Gross profit from operations	424,417	6	857,717	13
Unrealized profit (loss) from sales	(2,337)	-	(2,040)	-
Realized profit (loss) on from sales	2,039	-	1,143	-
Gross profit from operations	424,119	6	856,820	13
Operating expenses (Note 6 and 7)				
Selling expenses	(97,051)	(1)	(103,017)	(2)
Administrative expenses	(157,677)	(2)	(201,710)	(3)
Expected credit loss (reversal)	61,161	1	(29,452)	-
Total operating expenses	(193,567)	(3)	(334,179)	(5)
Net operating income	230,552	3	522,641	8
Non-operating income and expenses				
Interest income (Note 6)	73,065	1	17,241	-
Other income (Note 6 and 7)	158,456	2	56,115	1
Other gains and losses, net (Note 6)	(168,371)	(3)	234,898	4
Finance costs, net (Note 6)	(56,745)	(1)	(49,326)	(1)
Share of profits of subsidiaries and associates (Note 6 and 14)	102,033	2	124,605	2
Total non-operating income and expenses	108,438	1	383,533	6
Profit (loss) from continuing operations before tax	338,990	4	906,174	14
Income tax expense (Note 6 and 14)	(72,358)	(1)	(127,671)	(2)
Net Income	266,632	3	778,503	12
Other comprehensive income (loss)				
Remeasurement of defined benefit obligation (Note 6)	(2,340)	-	(13,445)	-
Unrealised gains (losses) on investments in equity instruments at fair value through other comprehensive income (Note 6)	47,370	1	135,433	2
Items that will not be reclassified to profit or loss	45,030	1	121,988	2
Exchange differences on translation (Note 6)	17,192	-	(4,667)	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss (Note 6)	23,141	(1)	(26,793)	(1)
Other comprehensive loss for the year, net of income tax (Note 6)	(8,034)	-	6,269	-
Items that will be reclassified to profit or loss	32,299	(1)	(25,191)	(1)
Other comprehensive income, net	77,329	-	96,797	1
Total comprehensive income	$ 343,961	3	$ 875,300	13
Net Income attributable to:				
Shareholders of the parent	$ 266,632	4	$ 782,909	12
Non-controlling interests	-	-	(4,406)	-
	$ 266,632	4	$ 778,503	12
Total comprehensive income attributable to:				
Shareholders of the parent	$ 343,799	5	$ 879,826	13
Non-controlling interests	162	-	(4,526)	-
	$ 343,961	5	$ 875,300	13
Basic earnings per share (Note 6)	$ 1.20		$ 3.52	

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

Mayer Steel Pipe Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

			Retained Earnings				Others					
	Common Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	Totel	Foreign Translation Currency Reserve	Unrealized Gain(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total	Non-controlling Interests	T
Balance, January 1, 2021	$ 2,225,261	$ 281,622	$ 197,832	$ 208,224	$ 404,805	$ 810,861	$ (24,706)	$ (154,686)	$ (179,392)	$ 3,138,352	$ 6,003	$
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	38,857	-	(38,857)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(378,294)	(378,294)	-	-	-	(378,294)	-	(
Reversal of special reserve	-	-	-	(28,832)	28,832	-	-	-	-	-	-	
Net income in 2021	-	-	-	-	782,909	782,909	-	-	-	782,909	(4,406)	
Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	(13,445)	(13,445)	(25,071)	135,433	110,362	96,917	(120)	
Total comprehensive income (loss) in 2021	-	-	-	-	769,464	769,464	(25,071)	135,433	110,362	879,826	(4,526)	
Net changes in Non-controlling interests	-	-	-	-	-	-	-	-	-	-	2,000	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(17,608)	(17,608)	-	(1,464)	1,464	(19,072)	-	(
Balance, December 31, 2021	2,225,261	281,622	236,689	179,392	768,342	1,184,423	(49,777)	(20,717)	(70,494)	3,620,812	3,477	
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	75,186	-	(75,186)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(667,578)	(667,578)	-	-	-	(667,578)	-	(
Reversal of special reserve	-	-	-	(76,888)	76,888	-	-	-	-	-	-	
Net income in 2022	-	-	-	-	266,632	266,632	-	-	-	266,632	-	
Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	(2,340)	(2,340)	32,137	47,370	79,507	77,167	162	
Total comprehensive income (loss) in 2022	-	-	-	-	264,292	264,292	32,137	47,370	79,507	343,799	162	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(93,850)	(93,850)	-	(256)	(256)	(94,106)	-	(
Balance, December 31, 2022	$ 2,225,261	$ 281,622	$ 311,875	$ 102,504	$ 272,908	$ 687,287	$ (17,640)	$ 26,397	$ 8,757	$ 3,202,927	$ 3,639	$

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

Mayer Steel Pipe Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities		
Profit (loss) before tax	$ 338,990	$ 906,174
Adjustments：		
Adjustments to reconcile profit (loss)		
Depreciation expense	147,766	145,361
Amortization expense	10,179	8,867
Expected credit loss (gain)	(61,161)	29,452
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	300,619	(138,133)
Interest expense	56,745	49,326
Interest income	(73,065)	(17,241)
Dividend income	(35,300)	(37,990)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(102,033)	(124,605)
Loss (gain) on disposal of property, plan and equipment	1,313	390
Loss (gain) on disposal of investments	(122,651)	(109,167)
Other adjustments to reconcile profit (loss)	(2)	-
Total adjustments to reconcile profit (loss)	122,410	(193,740)
Changes in operating assets and liabilities		
Financial assets mandatorily measured at fair value through profit or loss	232,388	198,852
Notes receivable	23,513	822
Accounts receivable	(46,250)	53,838
Accounts receivable from related parties	8,395	(15,114)
Other receivable	56,262	(38,703)
Inventories	509,163	(864,312)
Prepayments	12,550	(41,000)
Other current assets	4,109	(87,352)
Total changes in operating assets	800,130	(792,969)
Contract liabilities	14,136	58,260
Notes payable	(89,396)	118,030
Accounts payable	(55,929)	(5,246)
Accounts payable to related parties	(6)	6
Other payable	(64,478)	56,171
Other payable to related parties	271	(5)
Provisions	(4,473)	(3,082)
Other current liabilities	61	489
Net defined benefit liability	(30,957)	(7,139)
Total changes in operating liabilities	(230,771)	217,484
Total changes in operating assets and liabilities	569,359	(575,485)
Total adjustments	691,769	(769,225)
Cash inflow (outflow) generated from operations	1,030,759	136,949
Interest received	54,767	8,054
Dividends received	149,970	114,577
Interest paid	(40,820)	(31,054)
Income taxes refund (paid)	(59,256)	(52,654)
Net cash generated by (used in) operating activities	1,135,420	175,872

(Continued)

	2022	2021
Cash flows from investing activities：		
Acquisition of financial assets at fair value through other comprehensive income	-	(13,073)
Proceeds from disposal of financial assets at fair value through other comprehensive income	80,819	179,523
Proceeds from return of capital of financial assets at fair value through other comprehensive income	18,216	43,720
Acquisition of financial assets at amortized cost	(19,144)	(57,128)
Proceeds from redemption of financial assets at amortized cost	59,607	60,554
Acquisition of investments accounted for using equity method	-	(156,600)
Acquisition of property, plant and equipment	(88,456)	(61,776)
Proceeds from disposal of property, plant and equipment	419	-
Increase in refundable deposits	(258,055)	(2,717)
Acquisition of intangible assets	(5,837)	(889)
Decrease in long-term lease and installment receivables	805	513
Increase in other non-current assets	(11,447)	(5,876)
Increase in prepayments for business facilities	-	(32,954)
Decrease in prepayments for business facilities	399	-
Other investing activities	298	897
Net cash generated by (used in) investing activities	(222,376)	(45,806)
Cash flows from financing activities：		
Increase in short-term loans	-	673,536
Decrease in short-term loans	(98,464)	-
Increase in short-term notes and bills payable	7,027	-
Decrease in short-term notes and bills payable	-	(34)
Repayments of long-term loans	(2,730)	(52,244)
Decrease in guarantee deposits received	(300)	7,780
Payments of the principal portion of lease liabilities	(71,890)	(70,022)
Cash dividends paid	(667,578)	(378,294)
Change in non-controlling interests	-	2,000
Net cash generated by (used in) financing activities	(833,935)	167,162
Effect of exchange rate changes on cash and cash equivalents	10,138	(2,407)
Net increase (decrease) in cash and cash equivalents	89,247	294,821
Cash and cash equivalents, beginning of year	539,679	244,858
Cash and cash equivalents, end of year	$ 628,926	$ 539,679

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

Mayer Steel Pipe Corporation and subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

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

1. GENERAL INFORMATION

Mayer Steel Pipe Corporation (hereby referred to as “The Company”), was founded in September 1959 in compliance with the Company Act of the Republic of China and registered in Taipei City. The Company is the first professional steel pipe manufacturer in Taiwan. The primary business of the Company and its entities is to specialize in the production and sales of black steel pipes, galvanized steel pipes and stainless-steel coils for pipes. The Company was also awarded the CNS Mark certificate by the Bureau of Standards, Metrology, and Inspection of the Ministry of Economic Affairs for “black welded steel pipes for low pressure use, zinc-coated welded steel pipes for low pressure use, carbon steel pipes for general structures, carbon steel pipes for machine structures, and electrical metallic tubing”. In order to expand diversified operations, the Company established its construction department in 2003 and purchased land to build public housing in independent or joint construction projects. To learn more about the major construction projects of the Company and its subsidiaries (hereby referred to as “The Group”), please refer to Note 4 (3).

The Company’s shares were approved for public offering in August 1990 by the Securities and Futures Commission of the Ministry of Finance (now the Securities and Futures Bureau of the Financial Supervisory Commission, Executive Yuan), approved for listed on February 4, 1993, and officially listed for trading on April 27, 1993.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 13, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC and effective from 2022 are as follows:

New standards, interpretations and amendments endorsed by the FSC and effective from 2022 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”	January 1, 2022
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022

The Group assesses the application of the above standards, amendments and interpretations have not material impact on the Company’s financial position and financial performance.

3.2 The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by FSC with effective date starting 2023

New standards, interpretations and amendments endorsed by the FSC and effective from 2023 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosures of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2023.

Note 2: These amendments apply to changes in accounting estimates and changes in accounting policies that occur during annual reporting periods beginning on or after January 1, 2023.

Note 3: An entity shall apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred taxes for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

(1) Amendments to IAS 1 "Disclosures of Accounting Policies"

The amendments clarify that an entity shall disclose its material significant accounting policy information if the transaction, other event or condition to which the accounting policy information relates is material in size or nature, or a combination of both, and the accounting policy information that relates to a material transaction, other event or condition is also material to the financial statements. On the other hand, if the transaction, other event or condition to which the accounting policy information relates is immaterial in size or nature, an entity needs not to disclosure the accounting policy information that relates to the immaterial transaction, other event or condition. Additionally, Immaterial accounting policy information that relates to material transactions, other events or conditions need not be disclosed, either. However, an entity's conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other IFRS Standards.

(2) Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty and clarify that a change in measurement techniques or inputs used to develop an accounting estimate is a change in accounting estimates unless the change is due to an error from prior periods.

(3) Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

The amendments narrow the exemption extent in paragraphs 15 and 24 of IAS 12 for an entity from recognizing a deferred tax asset or liability in particular circumstances. In particular, the exemption does not apply to a transaction that gives rise to equal taxable and deductible difference at the time of the transaction. At the initial application of the amendments, an entity shall, at the beginning of the earliest comparative period presented, recognise deferred taxes for all deductible and taxable temporary differences associated with (i) lease and (ii) decommissioning liabilities and recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. An entity shall also apply the amendments transactions that occur on or after the beginning of the earliest comparative period presented. When initially applying the amendments, the information for comparable periods shall be restated.

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

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

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IRFS 17	January 1, 2023
Amendments to IRFS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted during the preparation of the parent company only financial statements are described as follows: Unless otherwise stated, such policies are consistently applicable to all the periods presented.

(1) Statement of Compliance

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

(2) Basis of Preparation

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

B. The preparation of financial statements in compliance with IFRSs as endorsed by the FSC requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

C. The Group’ s entities are measured financial statements item using the functional currency.The consolidated financial statements are presented in the Group's functional currency, New Taiwan Dollars.

(3) Basis of Consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Each component of profits and losses and other comprehensive profits and losses belong to the owners and non-controlling interests of the parent company.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions (i.e., transactions among owners in their capacity as owners). Difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognized directly in equity.

(e) If the Group loses control of a subsidiary, its remaining investments in the former subsidiary shall be remeasured based on fair value and count as the fair value of the originally recognized financial assets or the cost of originally recognized investment in an affiliated company or joint venture. The difference between fair value and carrying amount will be recognized as the profit or loss for the period. All amounts previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss.

B. Subsidiaries included in the consolidated financial statements

The subject of this consolidated financial statements is as follows:

			Ownership (%)	
Name of Investor	Name of subsidiary	Nature of business	2022.12.31	2021.12.31
Mayer Steel Pipe Corporation	Vietnam Mayer Co., Ltd.	Processing and sales of steel pipes, steel plates and other metal products	100.00%	100.00%

Name of Investor	Name of subsidiary	Nature of business	Ownership (%) 2022.12.31	2021.12.31
	Mei Kong Development Ltd.	Various investment and property development business	100.00%	100.00%
	Miramar Development Limited	Various investment business	90.00%	90.00%
	Mayer Inn Corporation	Various wholesale trade and general hotel business	100.00%	100.00%
	Mei Yi Architecture Co.,Ltd.	Real Estate Development Activities	90.00%	90.00%

C. Subsidiaries not included in the consolidated financial statements: None.

D. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign Currency Translation

A. Items included in the financial statements of each of the Group’s entities are all measured using the currency of the primary economic environment in which the entity operates (the ‘functional currency’). The consolidated financial statements are presented in New Taiwan Dollars, which is the Group’s functional and presentaion currency.

B. In preparing the individual financial statements of each consolidated entity, transactions in currencies other than the functional currency of the entity (foreign currency) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange difference on monetary items are recognized as the period’s profit or loss. Non-monetary items measured at fair value that are denominated in foreign currency are retranslated at the rates prevailing at the date when the fair value was determined. Exchange difference arising on the are retranslation of non-monetary items are included in profit of loss for the year except for exchange difference arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange difference are also recognized directly in other comprehensive income. Non-monetary items that are measured by historical cost in a foreign currency are not retranslated.

C. In preparation of consolidate financial statements, the assets and liabilities of foreign operations are translated to NTD using the exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated at the average exchange rate for the period. Exchange difference are recognized in other comprehensive income and accumulated in equity attributed to the owners.(and appropriately allocated to non-controlling interests).

(5) Classification of Current and Non-Current Assets and Liabilities

A. Assets that meet one of the following criteria are classified as current assets.

(a)Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b)Assets held mainly for trading purposes;

(c)Assets that are expected to be realized within 12 months after the balance sheet date; or

(d)Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.

Assets that meet none of the above criteria are classified by the Company as noncurrent assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities.

(a)Liabilities that are expected to be settled within the normal operating cycle;

(b)Liabilities held mainly for trading purposes;

(c)Liabilities that are to be settled within 12 months after the balance sheet date;

(d)Liabilities for which the repayment date cannot be extended unconditionally

to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Liabilities that meet none of the above criteria are classified by the Company as non-current liabilities.

(6) Cash and Cash Equivalents

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

(7) Financial Instruments

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

In the initial recognition of financial assets and financial liabilities, if financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit and loss are immediately recognized as profit and loss.

Financial Assets

A. Category of financial assets and measurement

Regular transaction of financial assets are recognized on the day of transaction.

Financial assets transactions on a regular way purchase or sale are recognized and derecognized using trade date accounting.

The Group has held categories of financial assets are including financial assets at fair value through profit or loss, financial assets at amortized cost and equity instrument at fair value through other comprehensive income.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss and financial assets designated to be measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include equity instrument investments that the Group did not designate to be measured at fair value, or investment in debt instruments that cannot be classified as either measured at cost after amortization or measured at fair value through other comprehensive gains and losses.

Financial assets at fair value through profit or loss are recognized at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss. These profit or loss incorporates any dividends or interests.For the method of determining fair value, please refer to Note 12 (2).

(b) Financial assets at amortized cost

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

i. The financial asset are held under certain business models with the purpose of holding financial assets to collect contractual flows, and

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

After initial recognition, financial assets at amortized cost are measured by the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

With exception to the following two conditions, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asse:

i. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and

ii. Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

(c) Equity instrument at fair value through other comprehensive income

On initial recognition, the Group may irrevocably designate investments in equity investments that are not held for trading as at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value. Subsequent changes in fair value are reported in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments measured at fair value through other comprehensive income are recognized in profit and loss when the Group’ s right to receive the dividends is established, unless the dividends clearly represent partial recovery of the investment cost.

B. Impairment of financial assets

The Group recognizes a loss allowance for financial assets (including accounts receivable) at amortized cost based on expected credit loss assessment at the end of the reporting period, investment in debt instruments measured at fair value through other comprehensive income , finance lease receivables, or contract assets.

Accounts receivable, contract assets and financial lease receivables are all recognized as allowance for loss based on expected credit losses of the duration. Other financial assets are first assessed to determine whether there has been significant increases to credit risk since the initial recognition. If there has been no significant increase, the 12-month expected credit loss is recognized as allowance of loss. If there has been significant increase, then the duration expected credit loss is recognized as allowance for loss.

Expected credit loss is the weighted average credit loss based on default risk. 12-month expected credit loss refers to expected credit losses arising from possible defaults of financial instruments within 12 months after the reporting date. Duration expected credit loss refers to expected credit losses arising from possible defaults during the expected duration of a financial instrument.

The impairment loss of all financial assets reduces carrying amount by the allowance account, with exception to the allowance of loss of debt instrument investments measured at fair value through other comprehensive income, which is recognized as other comprehensive income and dose not reduce the carring amount of the financial asset.

C. Derecognition of financial assets

The Group only derecognizes financial assets when the contractual rights to the cash flows from the financial assets expire, or when financial assets have been transferred and almost all the risks and rewards of the ownership of the assets have been transferred to other entity.

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

Equity Instruments

An equity instrument refers to any contract that recognizes the remaining equity of the Group after deducting all liabilities from its assets. The equity instruments issued by the Group are recognized at the amount obtained after deducting direct issuance costs.

Retrieving the company's own equity instruments is recognized and deducted under equity. The purchase, sale, issuance, or cancellation of the company's own equity instruments are not recognized in profit or loss.

Financial Liabilities

A. Subsequent assessments

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term. Derivatives are also categorized as financial liabilities held for trading unless they are financial guarantee contracts or designated and effective hedging derivatives. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition.

B. Derecognition of financial liabilities

The Group only derecognizes financial liabilities when obligations are discharged, cancelled or expired. In derecognizing financial liabilities, the difference between the carrying amount and the total consideration paid and payable is recognized as profit or loss.

(8) Inventories – Manufacturing Business

Inventories include raw materials, materials, finished products, and works in progress. Acquisition cost is used as the accounting basis for inventories, and costs are calculated through weighted average. Inventory is measured by cost or net realizable value, depending on which is lower. Cost and net realizable value are compared based on individual items unless the inventories are of the same category. Net realizable value refers to estimated selling price under normal circumstances after subtracting the estimated costs and sales expenses that need to be invested to complete the project. Inventory write-downs and unallocated fixed expenses when actual production is lower than normal production capacity are transferred to the current cost of goods sold.

(9) Inventories (for Construction Business)

Inventories include properties for sale, properties under construction, and prepaid land payments. Inventories are recorded based on acquisition cost, and construction profit and loss is recognized according to the completed contract method. Prepaid land payments are transferred under construction land after the Group obtains ownership, then transferred once again under construction site when active development begins. Relevant interests are capitalized from the start of active development or construction work to project completion.

(10) Joint Agreement

Investment joint agreements are divided into joint operations and joint ventures based on contractual rights and obligations.

Joint Operations

Regarding equity in joint operations, the Group recognizes its direct rights (and their shares) in the assets, liabilities, income and expenses of the joint operation, which have been included under applicable items in the financial report.

(11) Investments Accounted for Using Equity Method - Associates.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence refers to the power to participate in but not control nor jointly control financial and operating policy decisions of the investee company. The Group adopts the equity method in handling investments in associates. Under the equity method, investment in associates are initially recognized at cost. After the date of acquisition, the carrying amount is increased or decreased in accordance with the share of profits and losses of associates and other comprehensive income enjoyed by the Group and profit distribution. In addition, changes in the equity of associates are recognized based on the ownership percentage.

If the Group does not subscribe or acquire new shares issued by associates according to its ownership percentage, resulting in changes to the ownership percentage, thus causing increases or decreases in the net equity value of the investment, the increase or decrease is adjusted to the "capital surplus" and "investments accounted for using equity method". However, if not subscribe or acquire new shares according to ownership percentage resulted in a decrease in the Group's ownership interest in the associates, the amount recognized in the other comprehensive income related to the associates shall be reclassified according to the reduction percentage. The basis of this accounting process is the same as the associates must follow if they directly dispose of relevant assets or liabilities. If the former adjustment must be debited to additional paid-in capital, but the paid-in capital generated by investments using the equity method is insufficient, the difference will be debited to retained earnings.

The Group will cease to recognize further losses if the Group's share of losses in an associates equals or exceeds its equity in the associates. The Group only recognizes additional losses and liabilities within the scope of legal obligations, constructive obligations, or payments made on behalf of associates.

If the acquisition cost exceeds the Group’ s share of the net fair value of the associates’ s identifiable assets and liabilities on the date of acquisition, the exceeded amount is listed as goodwill. This goodwill is included in the carrying amount of the investment and cannot be amortized. If the Group’ s share of the net fair value of the associates’ s identifiable assets and liabilities on the date of acquisition exceeds the acquisition cost, the difference is listed as current income.

When assessing impairment, the Group treats the overall book value of the investment (including goodwill) as a single asset and compares the recoverable amount (value in use or fair value minus sales costs, whichever is higher) with the book value to test for impairment. The recognized impairment loss is also part of the book value of the investment. Any reversal of impairment losses shall be recognized within the scope of the subsequent increase in the recoverable amount of the investment.

The Group will cease to adopt the equity method from the date it ceases to be a significant influence over an associate. It will then measure its remaining investments in the former associates at fair value. The fair value of remaining investments and the difference between any disposition price and the book value of the investment on the day the Group ceases to be a significant influence shall be included in the current profit and loss. In addition, the accounting basis for amounts recognized in other comprehensive income related to said associates is the same as the basis that the associates must follow if it directly disposes of relevant assets or liabilities.

Gains and losses resulting from upstream, downstream, and sidestream transactions between the Group and its associates are only recognized in the consolidated financial statement to the extent that they are unrelated to the Group's equity in the associates.

(12) Property, Plants and Equipment

Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. For property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.

Subsequent costs are included in the asset’ s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance expenses are recognized in profit or loss as incurred.

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

Buildings and structures	3 to 46 years
Machinery and equipment	3 to 15 years
Transportation equipment	2 to 15 years
Other equipment	3 to 20years
Leasehold improvements	3 to 14 years

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

(13) Leases

The Group assesses whether a contract belongs to (or includes) a lease on the day the contract is established. For contracts with a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to the lease components based on the relative stand-alone price of each lease component and the aggregate stand-alone price of non-lease components.

A. The Group as leasee

Except from recognizing short-term and low-value leases on a straight-line bases, the Group recognizes right-of-use assets and lease liability for all arrangements in which it is a lessee.

(a) Right-of-use assets

Right-of-use assets are initially measured at cost (including the amount of the initial measurement of the corresponding lease liability, lease payment made prior to the commencement date of the lease minus lease incentives received, initial direct costs, and the estimated cost of restoring the underlying asset). Subsequent measurements are based on cost minus accumulated depreciation and impairment, adjusted by the re-measurement of lease liability.

With exception to right-of-use assets that can be defined as investment properties, right-of-use assets are reported in consolidated balance sheets as line items.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease over the shorter of the useful life of the right-of-use asset or the end of the lease term. However, if ownership of an underlying asset will be obtained by the Group at the end of the lease term, or if the cost of a right-of-use asset reflects the exercise of the purchase option, the asset is depreciated from the commencement date of the lease to the end of the underlying asset’s useful life.

(b) Lease liabilities

Lease liabilities are initially measured at the present value of lease payments (including fixed payment, substantive fixed payment and deduction of lease incentives). If the interest rate implicit in the lease is readily determinable, then lease payments are discounted using the interest rate. If the interest rate implicit in the lease is not readily determinable, the incremental borrowing rate of the leasee will be used instead.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expenses are amortized during the lease term.

During the lease term, if evaluation of the purchasing options of the underlying asset, amounts expected to be paid under residual value guarantees, or variable lease payments that depend on an index or a rate causes a change in future lease payments, the Group will remeasures the lease liability and make corresponding adjustments to right-of-use assets. However, if the book value of right-of-use assets has been reduced to zero, the remaining re-measurement amount will be recognized in profit and loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

B. The Group as the lessor

Leases that transfer substantially all risks and rewards incidental to the underlying asset are categorized as finance leases. Otherwise, they are categorized as operating leases.

When a lease includes land and building components, the Group assesses each component to categorize them as wither a finance lease or operating lease and allocate lease payments (including any one-off front-end payments) between the land and buildings in proportion to their fair values at the commencement date of the contract. If lease payments cannot be reliably allocated to these two components, then the overall lease is categorized as a finance lease. However, if these two components are clearly in line with operating lease standards, then the overall lease is categorized as an operating lease.

When subleasing right-of-use assets, the Group uses right-of-use assets (instead of underlying assets) to determine the classification of the sublease. However, if the main lease is a short-term lease for which the recognition exemption applies to the Group, the sublease is classified as an operating lease.

Under finance leases, lease payment includes both fixed payments (including in-substance fixed payments) and variable lease payments that depend on an index or rate. Net lease investment is the sum of the present value of both the lease receivable and the unguaranteed residual value plus the original direct cost that is expressed as the financial lease receivable. The Group allocates finance income over the lease term on a systematic and rational basis to reflect the constant periodic rate of return on the Group’s net investment in the lease.

Under operating leases, lease payments after deducting lease incentives are recognized on a straight-line basis. Lease negotiation with the leasee is accounted as a new lease from the effective date of the lease modification.

(14) Investment Property

Investment property refers to property held for the purpose of earning rent or capital appreciation or both. Investment property also includes land held for a currently undetermined future use. And right-of-use assets that meet the definition of investment property.

Investment property is initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The Group recognizes depreciation on a straight line basis. In other words, the asset cost minus residual value is allocated over the useful life of the investment property.

Derecognize investment properties that disposed of or permanently withdrawn from use, or if the disposal of which can no longer be expected to generate future economic benefits. The amount of gains or losses resulting from the derecognition of investment properties is the difference between the net disposal price and the carrying amount of the assets in question and are recognized in that period’ s profit or loss.

(15) Intangible Assets

Goodwill

The cost of goodwill obtained from business combinations is measured at the goodwill amount recognized on the date of acquisition and subsequently measured at cost less accumulated impairment losses.

Other Intangible Assets

Separately-acquired intangible assets with finite useful lives are recognized as cost less accumulated amortization and accumulated impairment, and amortized in a straight-line basis over the useful lives. The estimated useful lives and amortization method are reviewed at the end of the reporting period, with prospective application for any impact of estimated changes.

Derecognize intangible assets that are disposed of or if the disposal or usage of which can no longer be expected to generate future economic benefits. The amount of gains or losses resulting from the derecognition of intangible assets is the difference between the net disposal price and the book value of the assets in question and are recognized in that period’ s profit or loss.

(16) Impairment of Non-Financial Assets

The Group assesses at the end of each reporting period the recoverable amounts of those assets where there are any impairment indications. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. If there are no asset impairments recognized in the previous year, the amount can be reversed within the scope of losses recognized in the previous year.

(17) Provisions

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

(18) Employee Benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for that service, and shall be recognized as expenses when the employees have rendered service.

B. Pensions

(a) Defined contribution plans

Under the defined contribution plan, the pension amount appropriated during the service years of the employees is recognized as the current pension cost.

(b) Defined benefit plans

The defined benefit cost of defined benefit plans (including the cost of service, net interest, and reevaluation) is calculated using the projected unit credit method. Cost of service and net defined benefit liability (asset) interest shall be recognized as employee benefit expenses at the time of realization. Reevaluation (including actuarial gains and losses, changes in the impact of asset limits, and planned asset returns after interest deduction) shall be recognized as other comprehensive income, reported as retained earnings at the time of realization, and not be reclassified as income in subsequent periods.

The net defined benefit liability (asset) is the amount short (remaining) in appropriation of the defined benefit retirement plan. Net defined benefit assets shall not exceed the refund of the appropriated fund or decrease the present value of appropriation of fund in the future.

C. Employees’ remuneration and directors' remuneration

Employees’ remuneration and directors’ remuneration are recognized as expense and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

D. Termination benefits

Termination benefits are benefits provided when an employee's employment is terminated before their normal retirement date or when the employee decides to accept the company's offer of benefits in exchange for termination of employment. The Group recognizes termination benefit liabilities when it can no longer withdraw termination benefit offers or recognize relevant restructuring costs (whichever is earlier).

(19) Revenue Recognition

A. Merchandise sales

Merchandise sales come from the sale of merchandise such as carbon steel and stainless steel. Merchandise sold by the Group is mainly recognized when customers obtain control of their promised assets, that is, when the Group fulfills its obligations by delivering the merchandise to the designated location. Payments received before the merchandise is delivered are recognized as contract liabilities.

When materials are sent in for processing, control and ownership of the processed product is not transferred, therefore material for processing is not recognized as revenues.

Merchandise sales is measured at fair value based on considerations receivable minus estimated returns, discounts, and other allowances. Based on experience, the Company considers different contract conditions to estimate possible sales returns and discounts, and recognizes refund liabilities (payable expenses and other current liabilities).

B. Sale of property and land

For real estate sales within the scope of normal business activity, a fixed transaction price is charged in installments and contract liabilities are recognized. After considering major financial components, revenue is recognized when the real estate sold is completed and delivered to the buyer.

C. Financial components

For contracts between the Group and the customer, if the time between the transfer of committed goods or service and payment from the customer exceed one year, the transaction price shall be adjusted to reflect the time value of money.

(20) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset until almost all necessary activities for the asset to reach its intended use or sale status have been completed.

Specific borrowings, such as income from temporary investments prior to qualifying capital expenditures, are deducted from borrowing costs that meet capitalization conditions.

Except for the above scenarios, all other borrowing costs are recognized as an expense for the period in which they occurred.

(21) Income Tax

Income tax expense is the sum of current income tax plus deferred income tax.

A. Current income tax

Current income tax liabilities are based on the taxable income of the current year. Because some income and expenses are taxable or deductible items in other years or non-taxable and non-deductible items according to relevant tax laws, the taxable income is not the same as the net profit reported in the consolidated comprehensive balance sheet. The current income tax-related liabilities of the Group are calculated based on the tax rate that has been legislated or has been substantively legislated at the balance sheet date.

Additional profit-seeking enterprise income tax on unappropriated retained earnings are listed as income tax expense of shareholders' resolution year according to the Income Tax Act.

Adjusted the income tax payable of the past year that recognize as current income tax.

B. Deferred income tax

Deferred income tax is recognized based on the temporary difference between the carrying amount of assets and liabilities in the consolidated financial report and the tax basis for calculating taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when there is likely to be taxable income to deduct temporary differences, loss deductions or income tax deductions from expenditures such as research and development.

Deferred income tax liabilities are recognized for all taxable temporary differences related to the Company's subsidiaries, affiliated companies, and joint venture equities unless the Company can control the timing of reversal of temporary differences and the temporary differences are unlikely to be reversed in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments and equities are recognized within the scope of earnings that with sufficient taxable income to realize temporary differences and are expected to be reversed in the foreseeable future.

The book value of deferred income tax assets must be reviewed at the balance sheet date, and the book value of those that no longer have sufficient taxable income to recover all or part of the asset should be revised down. Assets originally not recognized as deferred income tax assets must also be reviewed at the balance sheet date, and the book value of those that have a high likelihood of producing enough taxable income to recover all or part of the asset should be revised up.

Deferred income tax assets and liabilities are measured in accordance with the expected liability liquidation or the tax rate in the period when the asset is realized. The tax rate is based on the tax rate and tax laws that are legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax effect resulting from the book amount of the assets and liabilities expected to be recovered or liquidated at the balance sheet date.

C. Current and deferred income tax

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive profit or loss or directly included in the equity, which are recognized in the other comprehensive profit or loss or directly included in the equity, respectively. If the current income tax or deferred income tax is generated from a business combination, the income tax effects are included in the accounting treatment of the business combination.

(22) Government Grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the subsidies and the subsidies will be received. Income-related subsidies refer to government grants other than asset-related subsidies. Such subsidies may be for the purpose of providing immediate financial support to companies and have no future related costs and should be recognized in profit or loss during the period in which they can be received.

5. CRITICAL ACCOUNTING JUDGMENTS AND MAJOR SOURCES OF ESTIMATION AND ASSUMPTIONS

The Group takes into account the economic impact of 【the covid-19 pandemic / changes in climates and related governmental policies and regulations / the conflicts between Ukraine and Russia as well as related international sanctions / inflation and volatility in interest rate】 on significant accounting estimates and reviews the basic assumptions and estimation on an ongoing basis. If a change in accounting estimate affects only the current period, the effect is recognized in the current period. If a change in accounting estimate affects both current and future periods, the effects are recognized in both periods.

In preparing this consolidated financial report, the Group made the following critical judgements, critical accounting estimates, and assumptions:

(1) Critical Accounting Judgements

A. Judgment of business model of financial asset classification

The Group evaluates the business model of financial assets based on the level of financial assets that are jointly managed to achieve a specific business purpose. Such evaluation calls for consideration of all relevant evidence, including asset performance assessment methods, risks affecting performance, and the salary determination method of relevant managers, as well as sound judgement. The Group continuously assesses whether its judgement on business models is appropriate. It also monitors the financial assets carried at amortized cost and investment in debts instruments at fair value through other comprehensive income to look into the reasons for its disposition and assess whether the disposition would be consistent with the business model's objectives. Whenever the business model was found to have changed, the Group reclassify financial assets according to the regulations of IFRS 9 and postpone application of the above to the day of the reclassification.

B. Revenue recognition

In accordance with IFRS 15, the Group determines whether it has obtained control of specific goods or services before transferring said goods or services to customers, and whether the Group is the principal or agent of said transactions. If determined to be the agent, the net transaction amount is recognized as income.

The Group is considered the principal in the following scenarios:

(a) If the Group obtains control of goods or other assets from another party before said goods or assets are transferred to the customer.

(b) If the Group controls the right to have another party provide labor services, so that it can arrange for the other party to provide services to the customer on behalf of the Group.

(c) If the Group obtains control of goods or services from another party to combine with other goods or services in order to provide customers with specific goods or services.

Indicators used to help determine whether the Group obtained control of goods or services before transferring said goods or services to the customer include (but are not limited to):

(a) Whether the Group is primarily responsible for fulfilling the commitment to provide specific goods or services.

(b) Whether the Group assumes inventory risk before and after specific goods and services are transferred to customers.

(c) Whether the Group has the discretion to set prices.

C. Lease terms

In determining the lease term, the Group takes into account all relevant facts and circumstances that might generate economic incentives to exercise (or not to exercise) the option, including all facts and circumstances from the start of the lease to the day when the option is exercised with expected changes. The main factors taken into account include the contract terms and conditions during the period covered within the option, significant lease interest improvements (or expected improvements) during the contract period, and the importance of the underlying assets to the lessee's operations. The lease term shall be reassessed if there are significant changes to major matters or circumstances within the control of the Group.

(2) Critical Accounting Estimates and Assumptions

A. Revenue recognition

Sales revenue is recognized when the control of goods or services is transferred to the customer to meet performance obligations. Estimated related sales returns, discounts and other similar discounts are deducted. These sales returns and discounts are estimated based on the Group’s historical experience and other known reasons, and the Group regularly assesses how reasonable the estimates are.

B. Estimated impairment of financial assets

The impairment of accounts receivable and contract assets was estimated based on the Group's assumptions about the default rate and the expected loss rate. The Group took into account historical experience, current market conditions and forward-looking information to work out assumptions and select input values for impairment assessment.

C. Fair value measurement and evaluation process

Regarding the fair value of the level 3 equity assets, the Company adopts appropriate evaluation methods based on the nature of the investee, such as the financial status and operating results of the investee, the transaction price of similar instruments in the market, market conditions, and necessary discounts, to assess fair value. If the actual changes in future input values and expectations would differ, fair value changes might occur. The Group regularly updated each input value according to market conditions to monitor whether fair value measurement was appropriate.

D. Assessment on the impairment of tangible assets and intangible assets

In the process of asset impairment assessment, the Group needs to rely on subjective judgment, asset usage patterns, and industry characteristics to determine the independent cash flow of a particular asset group, years of useful life, and future revenue and expenses that might cause significant impairment in the future due to changes in economic conditions or estimated changes to the Group’s strategies.

E. Feasibility of deferred income tax assets

Deferred income tax assets are recognized when there is a possibility in the future that there would be sufficient taxable income to deduct temporary differences. Assessing the feasibility of deferred income tax assets requires the management to make significant accounting judgments and estimations, including the estimation of future sales revenue growth and profit margins, tax exemption periods, available income tax deductions, and tax planning. Any changes in the global economic environment, industrial environment, or laws and regulations might cause significant adjustment of deferred income tax assets.

F. Evaluation of inventories

Inventory falling price loss is measured by cost or net realizable value, depending on which is lower. Cost and net realizable value are compared based on individual items unless the inventories are of the same category. In addition, obsolescence loss of inventories is evaluated based on inventory turnover and days sales of inventory.

G. Calculation of net defined benefit liabilities

Upon calculation of the present value of the benefit obligations, the Group must use judgments and estimates to determine the relevant actuarial hypotheses on the balance sheet date, including the discount rate and future salary growth rate. Any changes in actuarial assumptions could significantly affect the Group’s defined benefit obligations amount.

H. Lessee's incremental loan interest rate

When determining the lessees' incremental loan interest rate for discounting lease payments, the Group used the risk-free interest rate of the equivalent duration and currency as the reference interest rate, and takes the estimated credit risk discounts and lease specific adjustments of the lessee (such as asset characteristics and factors such as guarantees) into consideration.

6. Details of Significant Accounts

(1) Cash and Cash Equivalents

	2022.12.31	2021.12.31
Cash on hand and revolving fund	$ 548	$ 774
Bank Deposits	500,054	509,399
Cash equivalents	128,324	29,506
	$ 628,926	$ 539,679

A. The Group transacts with a variety of financial institutions with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2022 and 2021, the amount the Group provided in bank deposits and cash equivalents due to restrictions on their use and the amount pledged to financial institutions as collateral for loans under other financial assets are NT$111,057 thousand and NT$115,166 thousand, respectively,please refer to Note 8.

(2) Financial Assets at Fair Value Through Profit or Loss

	2022.12.31	2021.12.31
Financial Assets - Current		

		2022.12.31		2021.12.31
Mandatorily measured at fair value through profit or loss				
Non-derivative financial assets				
Domestic listed stocks	$	20,282	$	59,407
Fund beneficiary certificate		7,054		6,468
	$	27,336	$	65,875
Financial Assets - Non-Current				
Mandatorily measured at fair value through profit or loss				
Non-derivative financial assets				
Domestic non-listed stocks	$	281,139	$	421,785
Foreign non-listed stocks		29,383		26,124
	$	310,522	$	447,909

A. The Group' s investment in the above-mentioned investment targets are not for strategic investment purpose. The Group' s management believes that the short-term fair value fluctuations of these investments should be included in the profit and loss, and chose to designate these investments to be mandatorily measured at fair value through profit and loss.

B. For matters pertaining to the Group' s provision of financial assets at fair value through profit or loss as collateral for loans as of December 31 of ,2022 and 2021, please refer to Note 8.

(3) Financial Assets at Fair Value Through Other Comprehensive Income

		2022.12.31		2021.12.31
Current				
Equity Instruments				
Domestic listed stocks	$	7,423	$	82,685
Evaluation adjustment		2,297		()
				34,605
	$	9,720	$	48,080

		2022.12.31		2021.12.31
Non-Current				
Equity Instruments				

	2022.12.31	2021.12.31
Domestic non-listed stocks	$ 7,660	$ 7,660
Foreign non-listed stocks	112,006	130,222
Evaluation adjustment	16,435	28,191
	$ 136,101	$ 166,073

A. The Group invests in the above-mentioned investment targets based on mid- to long-term strategies and expects to profit from long-term investments. The Group' s management believes that including short-term fair value fluctuations of these investments in the profit and loss is inconsistent with the above-mentioned long-term investment plan, and therefore chose to designate these investments to be measured at fair value through other comprehensive profit and loss.

B. In 2022 and 2021, the Group adjusted its investment position to diversify risks, selling some of its domestic listed stocks at fair value of NT$80,819 thousand and NT$179,523 thousand. The relevant "other equity - unrealized gains and losses from financial assets measured at fair value through other comprehensive income" of NT$ (93,850) thousand and NT$(17,608) thousand are transferred to "retained earnings".

C. For matters pertaining to the Group' s provision of financial assets at fair value through other comprehensive profit or loss as collateral for loans as of December 31,2022 and 2021, please refer to Note 8.

(4) Financial Assets at Amortized Cost

	2022.12.31	2021.12.31
Current		
Time deposits with original maturity over three months	$ 19,580	$ 56,800
Interest rate range	5.80%-7.60%	5.30%-5.40%

As of December 31, 2022 and 2021, none of the above financial assets measured at amortized cost are restricted in use or pledged as collateral.

(5) Notes Receivable, Net

	2022.12.31	2021.12.31
Notes receivable	$ 69,219	$ 92,995

	2022.12.31	2021.12.31
Less: Allowance for impairment loss	()	()
	802	1,065
	$ 68,417	$ 91,930

A. For disclosures related to the loss allowance on notes receivable please refer to the following accounts receivable.

B. As of December 31,2022 and 2021, none of the above notes receivable are restricted in use or pledged as collateral.

(6) Accounts Receivable, Net

	2022.12.31	2021.12.31
Accounts receivable	$ 475,840	$ 429,327
Less: Allowance for impairment loss	()	()
	4,221	3,755
Net accounts receivable - non-related parties	471,619	425,572
Accounts receivable - related parties	15,103	23,498
	$ 486,722	$ 449,070

The Group’ s average credit period of sales of goods is 30 to 120 days. Loss provisions refer to the estimated unrecoverable amount calculated based on the aging of accounts, historical experience and the customer’ s financial condition.

The Group adopted the simplified method of recognizing loss provisions based on expected credit loss in the duration. The expected credit loss in the duration takes customer’ s payment history into account. As the Group’ s historical experience of credit losses indicates that there is no significant difference in the loss patterns of different customer bases, the expected credit loss rate is determined only by the accounts receivable days past due.

The Group’ s loss provisions based on notes receivable an accounts receivable (excluding related parties) measured by the preparation matrix are as follows:

2022.12.31	Expected credit loss rate	Gross carrying amount	Loss allowance (expected credit loss in the duration)	Amortized cost
Not past due	0%-1%	$ 545,059	$ (5,023)	$ 540,036

2021.12.31	Expected credit loss rate	Gross carrying amount	Loss allowance (expected credit loss in the duration)	Amortized cost
Not past due	0%-1%	$ 522,322	$ (4,820)	$ 571,502

Movements of the loss allowance for accounts and notes receivable:

	2022	2021
Beginning balance	$ 4,820	$ 5,408
Provision (Reversal)	203	(588)
Ending balance	$ 5,023	$ 4,820

Movements of the loss allowance for other accounts and notes receivable (excluding related parties):

	2022	2021
Beginning balance	$ 91,058	$ 61,364
Provision (Reversal)	—	30,040
Less: Remittance from this year (note)	(61,364)	—
Foreign currency exchange difference	3,251	(346)
Ending balance	$ 32,945	$ 91,058

Note:Listed under Expected credit loss (reversal).

For details on relevant risk management and evaluation methods, please refer to Note 12.

As of December 31, 2022 and 2021, none of the above accounts receivable are restricted in use or pledged as collateral.

(7) Finance Lease Receivables

	2022.12.31	2021.12.31
Undiscounted lease payments		
Year 1	$ 5,797	$ 5,936
Year 2	5,475	5,555
Year 3	5,475	5,555
Year 4	5,475	5,555
Year 5	5,475	5,555
Over 5 years	61,593	68,050
	89,290	96,206
Less: Unrealized financing income	(50,272)	(56,383)
Net investment in lease	$ 39,018	$ 39,823
Current	$ 1,118	$ 1,068
Non-Current	37,900	38,755
	$ 39,018	$ 39,823

The Company's power supply contract regarding solar power generation equipment stipulates that all power generated since the date of transfer will be sold to Taiwan Power Company. The contract will be treated in accounting as a finance lease with an average finance period of 20 years.

The Company measures the loss provisions of the finance lease receivables based on the expected credit loss in the contract duration. As of the balance sheet date, there are no overdue finance lease receivables. At the same time, considering the past default rate of the other party, the future development of industries related to the lease target, and the value of the collateral, the Company believes that there are no impairments regarding the above-mentioned finance lease receivables.

For the company's provision of solar power generation equipment to financial institutions as pledged collateral for bank loans as of December 31,2022 and 2021, please refer to Note 8.

(8) Inventories, Manufacturing Business

	2022.12.31	2021.12.31

Finished goods	$ 276,060	$ 409,636
Work in process	35,471	36,099
Semi-finished goods	123,113	175,729
Materials in transit	17,032	—
Raw materials	666,769	1,136,980
Goods	5,802	48,807
Total	$ 1,124,247	$ 1,807,251
Mortgage situation	None	None

A. Inventory-related (losses) profits recognized as cost of goods in the current period are as follows:

	2022	2021
Cost of goods sold	$ 6,069,201	$ 5,620,044
Guest room cost	86,969	86,105
Loss on net realizable value of inventory (gains from recovery)	41,847	(557)
Loss on inventory idle capacity (gains from recovery)	1,874	136
Loss (gain) on physical inventory	37	(4,827)
	$ 6,199,928	$ 5,700,901

B. The Group's inventories are mainly steel products, construction land and housing sites under construction, the net realizable value of which is affected by market prices. The amount of the inventory cost reduced to the net realizable value should be recognized as an expense in the current period. Reduction of the inventory cost to the net realizable value should be recognized as an expense in the year the reduction occurred. However, the reversal amount due to increased net realizable value is also reduced in the amount recognized as an expense in the period in which the reversal occurs.

C. As of December 31, 2022 and 2021, none of the above inventories are restricted in use or pledged as collateral.

(9) Inventories (for Construction Business)

Name of construction site	2022.12.31	2021.12.31

Land held for sale – Wugu Section, Wugu District	$ 1,161	$ 1,161
Land held for construction site – Xitou Section, Qidu District	476,088	476,088
Construction in progress – Hulin Section, Xinyi District	312,289	247,417
Land held for construction – Wanli Section, Wanlijiatou District	108,969	—
	$ 898,507	$ 724,666

A. On March 7, 2008, the Company signed a contract to purchase Land No. 800 in the Guoguang Section of Banqiao District, New Taipei City from Chien Ching-Hui and three others for the total price of NT$1,930,800 thousand. In the same year, the Company paid NT$89,110 thousand per the contract, with the money under "prepayments". Banqiao Guoguang Section was rezoned to Banqiao Yongcui Section on November 26, 2015. However, the Company that Chien Ching-Hui and the others conducted adverse behavior such as giving away and selling parts of the land in question, so the Company filed for provisional seizure and provisional disposition. For the relevant legal proceedings and ruling, please refer to Note 9 (1).

B. On August 26, 2014, February 4, 2015, and March 26, 2018, the Company's Board of Directors decided to have the Group's Mei Kong Development Ltd. (hereby referred to as "Mei Kong Development") purchase no more than 2,700 ping of land in the Xitou Section of Qidu District, Keelung City for up to NT$1,800 thousand per ping. Since August 2014, Mei Kong Development has gradually purchased No.464 and other plots in Qidu's Xitou Section from unrelated parties and obtained two plots of land in the area through foreclosure in 2016 for the total price of NT$443,344 thousand, which has been paid in full. Also, on March 10, 2020, the Board of Directors decided to increase Mei Kong Development's land acquisition limit to under 200 thousand NTD per ping. Mei Kong Development also signed a land sale contract to purchase the joint ownership of 131.405 ping of land for NT$26,281 thousand. As of December 31, 2022, the aforementioned sum has been paid.

C. On April 24, 2019, the Company’s Board of Directors decided to participate in the “Drafted Proposal for the Urban Regeneration and Right Transfer of 34 Plots of Land Including No. 310 of Subsection 4, Hulin Section, Xinyi District, Taipei City” approved by the Taipei City Urban Regeneration Office. On April 25, 2019, the Company and Ding Bang Development Co., Ltd. signed joint investment and construction in the form of joint operation with 1:1 investment. As of December 31, 2022, the Company has paid the relevant deposit of NT$92,127 thousand, with the money listed under “refundable deposits”.

   Also, to facilitate the smooth construction and delivery of construction cases and projects, the Company signed a trust contract with the bank regarding the “Xinyi Hulin Section Urban Regeneration” construction project along with Ding Bang Development Co., Ltd. The Company managed the land, existing structures, and funds in compliance with the trust contract throughout the duration of the trust, which is earmarked for the construction progress to facilitate smooth construction and the first registration of structures as soon as they are completed.

D. On November 5, 2021, the Company’s Board of Directors decided to offset the loss on the agreement through the provision of land by the joint and guarantor of the manganese ore sale and purchase agreement, and transfer No. 62-02 and 118 in the Wanli Section, Wanlijiatou District., New Taipei City ownership was completed on January 6, 2022. Also, to facilitate the smooth construction of Wanli Section, Wanlijiatou District and delivery of construction cases and projects, the Company signed a trust contract with China Real Estate Management Co., Ltd.

E. For the Group’s provision of “Inventories (for Construction Business) as pledged collateral for bank loans as of December 31, 2022 and 2021, please refer to Note 8.

(10) Prepayments

	2022.12.31	2021.12.31
Deferred Selling Commissions expense	$ 23,253	$ 24,552
Excess business tax paid (or Net Input VAT)	11,098	19,094
Prepayment for land purchases	95,854	95,854
Other prepayments	14,388	17,642
	$ 144,593	$ 157,143

(11) Other Current Assets

	2022.12.31	2021.12.31
Other Financial Assets	$ 520,738	$ 836,718
Payments for other	10	10
	$ 520,748	$ 836,728

For matters pertaining to the Group's offshore funds under "The Management, Utilization and Taxation of Repatriated Offshore Funds Act" and provision of financial assets as collateral for loans and construction presale buyer trust funds as of December 31,2022 and 2021, please refer to Note 8.

(12) Investments Accounter for Using Equity Method

A. The Group's investments under the equity method are listed below:

	Initial investment cost	2022.12.31	2021.12.31
Subsidiaries			
Mayer Corporation Development International Limited (BVI)	$ 390,881	$ 15,287	$ 15,287
Glory World Development Ltd. (BVI)	259,121	—	—
Subtotal		15,287	15,287
Less: Accumulated Impairment Loss - Investments Under the Equity Method		(15,287)	(15,287)
		—	—
Affiliated Companies			
Grand Tech Precision Manufacturing (Thailand) Co., Ltd.	179,688	218,480	217,701

	Initial investment cost	2022.12.31	2021.12.31
Diamond Precision Steel Corp.	106,248	228,795	212,140
Luen Jin Enterprise Co., Ltd.	156,600	158,711	158,360
		605,986	588,201
		$ 605,986	$ 588,201

(a) As of December 31, 2022 and 2021, Mayer Corporation Development International Limited (BVI), which was recognized by the Company under the equity method, transferred its net book equity value minus other receivables transferred to allowance for loss of NT$(58,801) thousand and NT$(52,998) thousand under "Other Non-Current Liabilities - Other" as part of its liquidation process.

(b) As of December 31, 2022 and 2021, Glory World Development Ltd. (BVI), which was recognized by the Company through the equity method, recognized accumulated investment losses and other comprehensive profit and losses to the book value of NT$(10,137) thousand and NT$(8,361) thousand, respectively, listing the amount under "Other Non-Current Liabilities - Other".

(c) The Company subscribed 30% new shares issued by Luen Jin Enterprise Co., Ltd. in the amount of NT$156,600 thousand on November 2021.

Parts of the Group' s investments under the equity method are disclosed in financial reports made from audit conducted by other CPAs.

B. The Group' s percentage of ownership interest and voting rights in its subsidiaries and affiliate companies as of the balance sheet date is as follows:

	2022.12.31	2021.12.31
Mayer Corporation Development International Limited (BVI)	100.00% (Note 1)	100.00% (Note 1)
Glory World Development Ltd.(BVI)	50.21% (Note 2)	50.21% (Note 2)
Grand Tech Precision Manufacturing (Thailand) Co., Ltd.	45.01%	45.01%
Diamond Precision Steel Corp.	42.50%	42.50%
Luen Jin Enterprise Co., Ltd.	30.00%	30.00%

Note1:Under the ruling of the British Virgin Islands (BVI) court on March 27, 2017, Mayer Corporation Development International Limited (BVI) agreed to enter liquidation and appoint a liquidator.

Note2:Glory World Development Ltd. (BVI) was struck off by the local government on November 3, 2020.

For information on the business nature and main operating locations of the aforementioned subsidiaries and affiliates, please refer to Appendix 6.

C. Subsidiary Summary Information:

	2022	2021
The Group's share		
	$ ()	$ ()
Net income from continuing operations	810	757
	()	1,790
Other comprehensive income for the period	6,769	
	( )	1,033
Total consolidated income	$ 7,579	$

D. The market price information of listed companies' equity investments on the balance sheet date using the equity method, calculated based on the closing price of the stock, are as follows: None.

E. The summarized financial information of the associates that are material to the Company is as follows: None.

F. The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarized below

	2022	2021
The Group's share		
Net income from continuing operations	$ 102,843	$ 125,362
	29,910	()
Other comprehensive income for the period		28,583
Total consolidated income	$ 132,753	$ 96,779

G. As of December 31,2022 and 2021, none of the above investments under the equity method are restricted in use or pledged as collateral.

H. On December 31,2022 and 2021, the Group assessing impairment that associates ventures investment, after assessment not recognized as impairment losses.

(13) Property, Plant and Equipment

2022

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Leasehold improvements	Total
Cost:							
Beginning balance	$ 557,911	$ 250,334	$ 1,480,917	$ 65,814	$ 164,118	$ 142,855	$ 2,661,949
Increase	–	1,124	70,938	2,500	13,894	–	88,456
Disposal or write off	–	–	(13,085)	(2,311)	(916)	–	(16,312)
Effects of foreign currency exchange differences	–	1,933	6,041	117	1,664	–	9,755
Ending balance	$ 557,911	$ 253,391	$ 1,544,811	$ 66,120	$ 178,760	$ 142,855	$ 2,743,848
Accumulated depreciation:							
Beginning balance	$ –	$ 215,626	$ 1,263,872	$ 55,240	$ 93,859	$ 26,116	$ 1,654,713
Increase	–	4,703	44,628	2,200	18,340	10,102	79,973
Disposal or write off	–	–	(11,628)	(2,062)	(890)	–	(14,580)
Effects of foreign currency exchange differences	–	659	4,710	117	1,561	–	7,047
Ending balance	$ –	$ 220,988	$ 1,301,582	$ 55,495	$ 112,870	$ 36,218	$ 1,727,153
Ending net amount	$ 557,911	$ 32,403	$ 243,229	$ 10,625	$ 65,890	$ 106,637	$ 1,016,695

2021

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Leasehold improvements	Total
Cost:							
Beginning balance	$ 557,911	$ 250,475	$ 1,432,928	$ 63,976	$ 160,377	$ 142,694	$ 2,608,361

	2021						
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Leasehold improvements	Total
Increase	—	315	55,178	1,866	4,256	161	61,776
Disposal or write off	—	—	(5,764)	—	(123)	—	(5,887)
Effects of foreign currency exchange differences	—	(456)	(1,425)	(28)	(392)	—	(2,301)
Ending balance	$ 557,911	$ 250,334	$ 1,480,917	$ 65,814	$ 164,118	$ 142,855	$ 2,661,949
Accumulated depreciation:							
Beginning balance	$ —	$ 211,021	$ 1,227,869	$ 52,918	$ 76,071	$ 15,926	$ 1,583,805
Increase	—	4,750	42,420	2,350	18,232	10,190	77,942
Disposal or write off	—	—	(5,406)	—	(90)	—	(5,496)
Effects of foreign currency exchange differences	—	(145)	(1,011)	(28)	(354)	—	(1,538)
Ending balance	$ —	$ 215,626	$ 1,263,872	$ 55,240	$ 93,859	$ 26,116	$ 1,654,713
Ending net amount	$ 557,911	$ 34,708	$ 217,045	$ 10,574	$ 70,259	$ 116,739	$ 1,007,236

A. On January 1, 2012, the Group chose the revaluation value from land revaluation conducted according to the generally accepted accounting principles in the Republic of China as recognized costs.

B. For the Group's provision of property, plants, and equipment as pledged collateral for bank loans as of December 31,2022 and 2021, please refer to Note 8.

C. For the years ended December 31, 2022 and 2021, the result recognized losses on Property, Plant and Equipment both were $0.

(14) Lease Agreement

A. Right-of-use assets

	2022					
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost:						

	2022					
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Total
Beginning balance	$ 13,751	$ 738,854	$ 693	$ 6,136	$ 577	$ 760,011
Increase	6,286	2,140	—	482	402	9,310
Decrease	(1,156)	(2,453)	—	(483)	(333)	(4,425)
Effects of foreign currency exchange differences	792	—	—	—	—	792
Ending balance	$ 19,673	$ 738,541	$ 693	$ 6,135	$ 646	$ 765,688
Accumulated depreciation:						
Beginning balance	$ 2,238	$ 134,874	$ 104	$ 3,269	$ 386	$ 140,871
Increase	2,241	60,279	139	2,045	156	64,860
Decrease	(963)	(2,453)	—	(483)	(329)	(4,228)
Effects of foreign currency exchange differences	87	—	—	—	—	87
Ending balance	$ 3,603	$ 192,700	$ 243	$ 4,831	$ 213	$ 201,590
Ending net amount	$ 16,070	$ 545,841	$ 450	$ 1,304	$ 433	$ 564,098

	2021					
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost:						
Beginning balance	$ 13,273	$ 727,203	$ 312	$ 6,136	$ 557	$ 747,501
Increase	2,953	21,592	693	—	—	25,238
Decrease	(2,288)	(9,941)	(312)	—	—	(12,541)
Effects of foreign currency exchange differences	(187)	—	—	—	—	(187)
Ending balance	$ 13,751	$ 738,854	$ 693	$ 6,136	$ 577	$ 760,011
Accumulated depreciation:						
Beginning balance	$ 2,728	$ 84,482	$ 277	$ 1,224	$ 230	$ 88,941
Increase	1,812	60,333	139	2,045	156	64,485
Decrease	(2,288)	(9,941)	(312)	—	—	(12,541)

	2021					
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Total
Effects of foreign currency exchange differences	(14)	–	–	–	–	(14)
Ending balance	$ 2,238	$ 134,874	$ 104	$ 3,269	$ 386	$ 140,871
Ending net amount	$ 11,513	$ 603,980	$ 589	$ 2,867	$ 191	$ 619,140

The Group's revenue from subletting right-of-use assets is NT$179 thousand in both 2022 and 2021.

B. Lease liabilities

	2022.12.31	2021.12.31
Carrying amount of lease liabilities		
Current	$ 56,985	$ 54,934
Non-Current	530,753	580,120
	$ 587,738	$ 635,054

Ranges of discount rates for lease liabilities are as follows:

	2022.12.31	2021.12.31
Land	1.90%	1.90%
Buildings and structures	1.95%-2.749%	1.95%-2.75%
Machinery and equipment	1.5314%	1.5314%
Transportation equipment	1.4744%-1.6779%	1.4744%-1.55%
Other equipment	1.5204%-1.8015%	1.52%-1.55%

C. Material terms of right-of-use assets

The Group leases land, buildings, and equipment to serve as operating premises and equipment for plants and offices. The terms of lease contruct generally range between 1 to 14 years, and the Company has the right to renew leases at the end of lease terms. Also, the contract stipulates that the Group may not sublease leased assets to others without the permission of the lessor. As of December 12, 2022, there is no sign of impairments to right-of-use assets, so no impairment assessments have been made.

D. Sublease

The Group subleases the right to use buildings under operating leases with lease terms of 5 years. The maturity analysis of lease payments receivable under operating sublease lease is as follows:

	2022.12.31	2021.12.31
Year 1	$ 180	$ 179
Between 1 and 5 years	112	292
	$ 292	$ 471

E. Other lease information

In 2022 and 2021, the Group chose to apply recognition exemptions for short-term leases and qualifying low-value asset leases, and did not recognize related right-of-use assets and lease liabilities for these leases. Information about the relevant expenses are as follows:

	2022	2021
Short-term rental and leasing expenses	$ 1,815	$ 1,600
Low-value asset lease expenses	150	62
Variable lease payments not included in lease liability assessments.	133	130
	$ 2,098	$ 1,792
Total cash outflow for leases	$ (73,988)	$ (71,814)

(15) Investment Property, Net

A. The Company's investment properties are listed below:

	2021		
	Land	Buildings	Total
Cost:			
Beginning balance	$ 82,543	$ 104,963	$ 187,506
Ending balance	$ 82,543	$ 104,963	$ 187,506
Accumulated depreciation:			
Beginning balance	$ —	$ 39,871	$ 39,871
Increase	—	2,933	2,933
Ending balance	$ —	$ 42,804	$ 42,804
Ending net amount	$ 82,543	$ 62,159	$ 144,702

	2021		
	Land	Buildings	Total
Cost:			
Beginning balance	$ 82,543	$ 104,963	$ 187,506
Ending balance	$ 82,543	$ 104,963	$ 187,506
Accumulated depreciation:			
Beginning balance	$ —	$ 36,937	$ 36,937
Increase	—	2,934	2,934
Ending balance	$ —	$ 39,871	$ 39,871
Ending net amount	$ 82,543	$ 65,092	$ 147,635

B. Lease revenue from investment properties and direct operating expenses:

	2022	2021
Lease revenue from investment properties	$ 9,638	$ 10,514
Direct operating expenses of investment properties that generate lease revenue	( ) 2,933	( ) 2,934
	$ 6,705	$ 7,580

C. As of December 31, 2022 and 2021, the total amount of lease payments to be received in the future for leasing investment properties under operating leases is as follows:

	2022.12.31	2021.12.31
Under 1 year	$ 10,514	$ 10,514
Between 1 to 5 years	21,714	32,229
	$ 32,228	$ 42,743

D. In 2022, due to the renovation of Investment Property, the Company agreed to unconditionally reduce lease amounts in August, 2022.

E. The Company’s investment properties are depreciated based on the straight-line method according to an estimated useful lives of 35 years.

F. The fair value of the Company’s investment properties on December 31 of 2020 is NT$272,992 thousand, as valued by independent valuation experts. The valuation for December 31, 2022 and 2021 was made by referencing the market evidence of similar real estate transactions and showed no significant change from the basic estimation from December 31, 2020.

G. For the Company's provision of investment properties as pledged collateral for bank loans as of December 31 of 2022 and 2021, please refer to Note 8.

(16) Other Non-Current Assets

	2022.12.31	2021.12.31
Appeal deposit	$ 287,654	$ 37,654
Contract bond	92,127	84,458
Prepayments for business facilities	45,692	46,091
Long-term lease payments receivable	37,900	38,755
Others	43,072	39,701
	$ 506,445	$ 246,659

For the Company's provision of solar power generation equipment to financial institutions as pledged collateral for bank loans as of December 31,2022 and 2021, please refer to Note 8.

(17) Short-term Loans

	2022.12.31	2021.12.31
Secured Loans		
Bank loans	$ 1,763,592	$ 1,923,725
Unsecured Loans		
Credit loans	555,726	286,847
Letter of credit purchase borrowing	215,661	422,871
	771,387	709,718
	$ 2,534,979	$ 2,633,443
Interest rate range	1.775%~2.8105%	1.25%~2.05%
Unspent amount	$ 1,381,413	$ 784,432
Secured borrowing situation	Note 8	Note 8

(18) Short-Term Notes and Bills Payable

	2022.12.31	2021.12.31
Commercial paper	$ 37,000	$ 30,000
Less: Unamortized discounts	(15)	(42)
Net amount	$ 36,985	$ 29,958
Interest rate range	1.712%	0.92%
Unspent amount	$ 23,000	$ 30,000
Secured borrowing situation	Note 8	Note 8

(19) Long-Term Bank Loans of Non-Current Borrowings

	2022.12.31	2021.12.31
Secured Loans		
Bank loans	$ 20,172	$ 22,902
Less: Current portionr	()	()
	2,755	2,750
	$ 17,417	$ 20,152
Interest rate range	1.901%	1.45%
Unspent amount	$ —	$ —
Secured borrowing situation	Note8	Note8

(20) Provisions

	2022.12.31	2021.12.31
Employee benefits	$ 1,363	$ 983
Decommission, restoration, and repair costs	32,828	37,681
Non-Current	$ 34,191	$ 38,664

	2022	2021
Beginning balance	$ 38,664	$ 41,746
New addition	380	1,604
Reduce addition	( )	( )
	4,853	4,686
Ending balance	$ 34,191	$ 38,664

(21) Pensions

A. Defined contribution plans

(a) The pension system applicable to the Company in accordance with the "Labor Pension Act" is the defined contribution pension plan managed by the government. Under this plan, the Company have mademonthly contributions equal to 6% of employees’ salary as labor pension to employees’ personal pension accounts of the Bureau of Labor Insurance.

(b) The Group recognized pension expenses of NT$9,354 thousand and NT$8,944 thousand in 2022 and 2021, respectively.

B. Defined benefit plans

The Group has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee’ s length of service and average monthly salary for the six-month period prior to retirement. The Group contributes an amount equal to 4% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee’ s name in the Bank of Taiwan. Before the end of each year, the Group assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government’ s designated authorities; as such, the Group does not have any right to intervene in the investments of the Funds.

(a) Recognized pension expenses regarding defined benefit plans are as follows:

	2022	2021
Current service cost	$ 1,694	$ 2,058
Net interest cost	191	82
Recognized in profit and loss	1,885	2,140
Remeasured		
Plan asset compensation (excluding sums included in the net interest)	(12,667)	(2,262)
Actuarial loss (gain) - change in demographic assumptions	—	3,482
Actuarial loss (gain) - change in financial assumptions	(4,641)	(2,686)

	2022	2021
Actuarial loss (gain) - experience adjustment	19,648	14,911
Recognized in other comprehensive income	2,340	13,445
Total	$ 4,225	$ 15,585

The aforementioned pension expenses include the following items:

	2022	2021
Operating costs	$ 1,448	$ 1,670
Selling expenses	128	147
Administrative expenses	309	323
	$ 1,885	$ 2,140

(b)The amounts arising from the defined benefit plans were as follows:

	2022.12.31	2021.12.31
Present value of defined benefit obligations	$(168,812)	$(178,764)
Fair value of plan assets	168,220	149,555
Net defined benefit liabilities	$(592)	$(29,209)

(c) Movements in the present value of defined benefit obligations were as follows:

	2022	2021
Beginning balance	$ 178,764	$ 184,088
Current service cost	1,694	2,058
Interest expenses	1,182	696
Remeasured		
Actuarial loss (gain) arising - changes in demographic assumptions	—	3,482
Actuarial loss (gain) - change in financial assumptions	(4,641)	(2,686)
Actuarial loss (gain) - experience adjustment	19,648	14,911
Benefit payments - expenditure from plan assets	(27,835)	(23,785)

	2022		2021	
Ending balance	$	168,812	$	178,764

(d)Movements in the fair value of plan assets were as follows:

	2022		2021	
Beginning balance	$	149,555	$	161,185
Interest Income		991		615
Fund attributed by employer		32,842		9,278
Remeasured				
Plan asset compensation (excluding sums included in the net interest)		12,667		2,262
Benefit payments - expenditure from plan assets	(	27,835)	(	23,785)
Ending balance	$	168,220	$	149,555

(e)The Company has been exposed to the following risks due to the Labor Standards Act:

Through the defined benefit plans under the R.O.C. Labor Standards Law, the Company is exposed to the following risks:

i. Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the R.O.C. Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.

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

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

(f) The present value of the Group’s defined benefit obligations were carried out by qualified actuaries. The principal assumptions made on the measurement date were as flows:

	Measurement date	
	2022.12.31	2021.12.31
Discount rate	1.30%	0.69%
Future salary growth rate	1.00%	1.00%

In the event that significant actuarial assumptions are subject to possible changes, if all other assumptions remain unchanged, the amount of increase (decrease) in present value of defined benefit obligations will be as follows:

	Effect on defined benefit obligations	
	2022.12.31	2021.12.31
Discount rate		
Increased by 0.25% and 0.5%, respectively	$(1,701)	$(1,926)
Decreased by 0.25% and 0.5%, respectively	$ 1,732	$ 1,961
Future salary growth rate		
Increased by 0.25% and 0.5%, respectively	$ 1,344	$ 1,508
Decreased by 0.25% and 0.5%, respectively	$(1,329)	$(1,491)

Since actuarial assumptions might be related to one another, it would be unlikely for only a single assumption to change. Therefore, the aforementioned sensitivity analysis, might not reflect the actual change in the present value of defined benefit obligations.

The Group expects to make contributions of NT$3,008 thousand to defined benefit plans in the next year strating from December 31, 2022.

(22) Equity

A. Capital stock

	2022.12.31	2021.12.31
Authorized shares (thousand shares)	320,000	320,000
Authorized capital	$ 3,200,000	$ 3,200,000
Number of shares issued with payments received in full (thousand shares)	222,526	222,526

	2022.12.31	2021.12.31
Issued share capital	$ 2,225,261	$ 2,225,261

B. Capital surplus

	2022.12.31	2021.12.31
Additional paid-in capital arising from bonds conversion	$ 232,709	$ 232,709
Difference between consideration and carrying amount arising from the disposal of subsidiaries stock	36,010	36,010
Changes in equity of associates acconnted for using equity method.	6,828	6,828
Interest compensation payable for convertible bonds	6,075	6,075
	$ 281,622	$ 281,622

Under the Company Act, where the Company incurs no loss, it may distribute its additional paid-in capital and endowments received by the Company by issuing new shares as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. The capital surplus from long-term investments may not be used for any purpose.

C. Retained earnings and dividend policy

In accordance with the earnings distribution policy stipulated in the Company’s Articles of Incorporation, if the Company made gains that year, it shall distribute 1% to 5% of the earnings as employees’ remuneration and no higher than 3% as directors’ remuneration. However, in the event the Company has sustained cumulative losses, a proportion of profit shall be reserved in advance for compensation purposes before remunerations are calculated.

Employee remuneration may be paid in cash or stock shares, and shall be payable to employees of the Company that meet certain requirements. Directors' remuneration shall be paid in cash only.

Matters regarding the distribution of employees' and directors' remuneration shall be approved by over half of directors at board meetings with more than 2/3 of the directors present, and reported in the shareholders' meeting.

If the aforementioned Board of Directors has resolved to distribute employees' remuneration in stocks, they many determine whether to distribute new shares or purchase their own shares.

The Company's dividend policy takes into account the Company's capital needs and long-term financial planning, current and future development plans, investment environment and domestic/foreign competition, and shareholders' interests to decide the amount and method of surplus distribution. If there are earnings in the Company's annual accounting statement, 10% of the balance shall be added to the legal reserve after paying income tax and making up for losses in previous years, unless the legal reserve has reached the total paid-in capital. After making special reserve allowance or reversal according to the regulations of competent authorities, However, if there is a special surplus reserve for the net amount of other equity deductions accumulated in the previous period, the same amount of special surplus reserve shall be withdrawn from the undistributed surplus in the previous period. Items other than the current after-tax net profit are included in the amount of the undistributed surplus for the current period, and the undistributed surplus is accumulated with the previous year,the Board of Directors shall draft an earnings distribution plan and submit it to the shareholder' meeting to resolve how to distribute the remaining earnings plus any unappropriated retained earnings from previous years.

Earnings can be distributed as cash dividends or stock dividend. If distributed, no less than 50% of distributable earnings for the current year shall be allocated as bonus dividends for shareholders. Bonus dividends to shareholders should be distributed as cash dividends in principle. If stock dividends are distributed, it should not exceed 50% of the total dividends.

The Board of Directors is authorized to carry out the aforementioned distribution of bonus dividends to shareholders as cash dividends based on resolutions agreed upon by over half of attending directors in Board meetings attended by at least 2/3 of directors and report such distributions in the shareholders' meeting.

In distributing earnings, the Company must set aside a special reserve based on net deductions of other shareholders' equity (such as the accumulated balance of financial statements translation differences of foreign operations or unrealized profit and loss of financial assets measured at fair value). If there are subsequent reversals of the equity deduction amount, the reversal amount may be added to distributable earnings.

The distribution of 2021 earnings was adopted in the shareholders' meeting on June 14, 2022 and the distribution of 2020 earnings was adopted in the shareholders' meeting on July 15, 2021 were as follows:

	2021	2020	2021	2020
Appropriation legal reserve	$ 75,186	$ 38,857		
Reversal from special reserve	(76,888)	(28,832)		
Cash dividend	667,578	378,294	$ 3.00	$ 1.70

The appropriations of earnings for 2021 and 2020 have been auditing by The Audit Committee and approved by in the meeting of the Board of Directors and shareholders' meeting.

The appropriations of earnings for 2022 had been approved in the meeting of the Board of Directors and the appropriations and dividends per share on March 13, 2023 were as follows:

	2022	2022
Appropriation legal reserve	$ 17,044	
Cash dividend	222,526	$ 1.00

The cash dividends had been approved in the meeting of the Board of Directors, the other proposed appropriations items are to be presented for approval in the Company's shareholders' meeting which is to be held on June 7, 2023 (expected).

Information on the resolution of the Board of Directors' and shareholders' meetings regarding the appropriation of earnings is available from the Market Observation Post System on the website of the TWSE.

D. Special reserve

	2022.12.31	2021.12.31
Special reserve recognized through IFRSs for the first time	$ 102,504	$ 102,504
Others	—	76,888
Ending balance	$ 102,504	$ 179,392

The Company made special reserve allowance and reversal according to Jin-Guan Certificate Fa Zi No. 1010012865, Jin-Guan Certificate Fa Zi No. 1010047490, and the “Questions and Answers Regarding Special Reserve Allowance Based on the IFRSs”. If there is subsequent reversal based on the reduction of shareholders’ equity, the Company may make a special reserve allowance or reversal based on the rules of partial distributed surplus reversal.

E. Other equity interests

	2022		
	Foreign Currency Translation Reserve	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Beginning balance	$ (49,777)	$ (20,717)	$ (70,494)
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	—	54,834	54,834
Disposal of investments in equity instruments designated at fair value through other comprehensive income	—	(256)	(2) 56
Share of other comprehensive income (loss) of subsidiaries and associates	40,171	(7,464)	32,707
Other comprehensive Income for the year, net of income tax	(8,034)	—	(8,034)
Ending balance	$ (17,640)	$ 26,397	$ 8,757

	2021		
	Foreign Currency Translation Reserve	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Beginning balance	$ (24,706)	$ (154,686)	$ (179,392)
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	—	135,678	135,678
Disposal of investments in equity instruments designated at fair value through other comprehensive income	—	(1,464)	(1,464)
Share of other comprehensive income (loss) of subsidiaries and associates	(31,340)	(245)	(31,585)
Other comprehensive Income for the year, net of income tax	6,269	—	6,269
Ending balance	$ (49,777)	$ (20,717)	$(70,494)

F. Non-controlling interests

	2022	2021
Beginning balance	$ 3,477	$ 6,003
Shares attributable to non-controlling interests:		
Net profit (loss) of this year	—	(4,406)
Exchange differences on translation of foreign financial statements	162	(120)
Changes in non-controlling interests	—	2,000
Ending balance	$ 3,639	$ 3,477

(23) Operating Revenue

A. Revenue from customer contracts

	2022	2021
Revenue from customer contracts		
Sales revenue	$ 6,555,002	$ 6,515,200
Others	69,343	43,418

	$ 6,624,345	$ 6,558,618

For the income analysis of major products, please refer to Note 14 (3)

B. Contract balance

Information regarding the Group' s revenue from customer contracts in 2022 and 2021 are as follows:

	2022.01.01	2022.12.31	Variance
Sale of goods	$ 61,003	$ 75,139	$ 14,136

	2021.01.01	2021.12.31	Variance
Sale of goods	$ 2,743	$ 61,003	$ (2,132)

Changes in contract liabilities are mainly due to the difference between the time when the contract obligations are met and the time when customers make payments.

The amount of contract liabilities from the beginning of the year recognized in operating income in 2022 and 2021 is NT$11,752 thousand and NT$2,684 thousand, respectively.

(24) Interest Income

	2022	2021
Bank deposits	$ 5,123	$ 3,188
Other interest income	67,942	14,053
	$ 73,065	$ 17,241

(25) Other Income

	2022	2021
Rent income	$ 9,836	$ 10,712
Dividend income	35,300	37,990
Government subsidies income	—	1,040
Others income	113,320	6,373
	$ 158,456	$ 56,115

The Group applied for the Tourism Bureau, Ministry of Transportation and Communications' subsidies for necessary operating costs of tourist hotel industry and hotel industry. The application was approved for a one-time operating capital subsidy on June 24, 2021.

(26) Other Gains and Losses, Net

	2022	2021
Gains (Loss) from disposals of property, plant and equipment	$ (1,313)	$ (390)
Gain (loss) on disposal of investments	122,651	109,167
Net foreign exchange gain (loss)	14,088	(5,866)
Gain (loss) on financial assets at fair value through profit or loss	(300,619)	138,133
Other losses	(3,178)	(6,146)
	$ (168,371)	$ 234,898

(27) Finance Cost, Net

	2022	2021
Interest expense		
Borrowing interest expense	$ 47,117	$ 36,252
Lease liability expense	15,462	16,570
Others interest expense	19	19
Less: Qualifying asset capitalization amount	(5,853)	(3,515)
	$ 56,745	$ 49,326

(28) Employee Benefits, Depreciation, and Amortization Costs

	2022			2021		
	Belonging to operating costs	Belonging to operating expenses	Total	Belonging to operating costs	Belonging to operating expenses	Total
Employee benefits						
Salary expenses	$ 169,243	$ 73,430	$ 242,673	$ 202,151	$ 84,391	$ 286,542
Employee healthcare and labor insurance expenses	20,231	6,598	26,829	19,240	6,231	25,471
Pension expenses	8,067	4,423	12,490	10,227	3,251	13,478
Other employee benefit expenses	8,121	42,625	50,746	8,406	93,356	101,762
Depreciation expenses	132,539	15,227	147,766	130,002	15,359	145,361

Amortization expenses	9,113	1,066	10,179	8,202	665	8,867
Total	$ 347,314	$ 143,369	$ 490,683	$ 378,228	$ 203,253	$ 581,481

A. According to the Company's Articles of Incorporation, the Company shall allocate no 1% to 5% of profit as employees' compensation and no more than 3% of profit as directors' compensation for each profitable fiscal year after offsetting any cumulative losses. The Company's employees' compensation for 2022 and 2021 are NT$18,000 thousand and NT$48,615 thousand, respectively. The Company's estimated directors' remuneration in 2022 and 2021 are NT$10,800 thousand and NT$29,169 thousand, recognized based on the aforementioned pre-tax profits of 5% and 3%. Any changes to the sum after the publication of the Company's annual financial report are treated as accounting estimates and added to the balance of the following year.

B. The distributions of employees and directors' compensation for 2022 and 2021 were approved through the Board of Directors' meeting on March 13, 2023 and March 22, 2022, respectively. The details of distribution were as follows:

	2022		2021	
	Employees' remuneration	Directors' remuneration	Employees' remuneration	Directors' remuneration
Approved amount	$ 18,000	$ 10,800	$ 48,615	$ 29,169

The amounts, as stated in the parent company only financial statements, are identical to those of the actual distributions for 2022 and 2021.

Information relevant to the aforementioned employees and directors' compensation can be obtained from the "Market Observation Post System" on the website of the TWSE.

(29) Income Tax

A. Components of income tax expenses

	2022	2021
Current income tax		
Occurred in the current year	$ 86,465	$ 117,547
Additional undistributed earnings	(1,755)	–
Adjustment of previous years	–	(1,092)

	84,710	116,455
Deferred income tax		
Origination and reversal of temporary differences	( ) 12,352	11,216
Total tax expenses	$ 72,358	$ 127,671

B. Income tax recognized in other comprehensive income

	2022	2021
Financial statements translation differences of foreign operations	$ 8,034	$(6,269)

C. Adjustments to the income tax expenses recognized in profit and loss in the current year:

	2022	2021
Net profit before tax	$ 338,990	$ 906,174
Net profit before tax calculated based on the statutory tax rate	$ 73,905	$ 194,813
Effected tax amount from adjusted items:		
Effected items are not included in the calculation of taxable income	12,560	() 90,350
Origination and reversal of temporary differences	( ) 12,352	11,216
Tax refund of Repatriated Offshore Funds Act	() 1,755	—
Adjustments in respect of prior years	—	() 1,092
Taxed separately	—	13,084
Income tax expenses recognized in profit and loss	$ 72,358	$ 127,671

The statutory tax rate applicable to the Group is 20% per the R.O.C. Income Tax Act, while the tax rate applicable to unappropriated retained earnings is 5%. Taxes incurred in other jurisdictions are calculated based on the tax rates applicable to each relevant jurisdiction.

The Company’s application to repatriate offshore funds within a time limit according to the “Management, Utilization, and Taxation of Repatriated

Offshore Funds Act" implemented in Taiwan on August 15, 2019 was approved. Since the day the act was implemented, the applicable tax rate was 8% in the first year and 10% in the second year, separate from the general income tax system. Within a year of repatriating funds, the Company needs to apply to participate in real investment from the Ministry of Economic Affairs. Only those who have completed this step will receive the 50% tax refund.

D. Information on the deduction of unused losses

Information about the Group's loss deduction as of December 31, 2022 is as follows:

Year of maturity	Amount not yet deducted
2024 to 2032	$ 232,599

E. Deferred income tax assets and liabilities generated from temporary difference

	2022			
	Beginning balance	Recognized in profit and loss	Recognized in other Comprehensive income	Ending balance
Deferred Tax Assets				
Temporary differences				
Unrealized inventory valuation loss and idle loss	$ 8,397	$ 7,787	$ —	$ 16,184
Effects of investment income tax recognized using the equity method	—	5,081	—	5,081
Others	549	(50)	—	499
	$ 8,946	$ 12,818	$ —	$ 21,764
Deferred Tax Liabilities				
Temporary differences				
Properties, Plants and Equipment	$ 162,405	$ —	$ —	$ 162,405
Exchange difference of foreign operations	7,711	—	8,034	15,745
Effects of investment income tax recognized using the equity method	163	(163)	—	—
Others	—	629	—	629

	2022			
	Beginning balance	Recognized in profit and loss	Recognized in other Comprehensive income	Ending balance
	$ 170,279	$ 466	$ 8,034	$ 178,779

	2021			
	Beginning balance	Recognized in profit and loss	Recognized in other Comprehensive income	Ending balance
Deferred Tax Assets				
Temporary differences				
Unrealized inventory valuation loss and idle loss	$ 9,165	$ (768)	$ —	$ 8,397
Effects of investment income tax recognized using the equity method	10,471	(10,471)	—	—
Others	364	185	—	549
	$ 20,000	$ (11,054)	$ —	$ 8,946
Deferred Tax Liabilities				
Temporary differences				
Properties, Plants and Equipment	$ 162,405	$ —	$ —	$ 162,405
Exchange difference of foreign operations	13,980	—	(6,269)	7,711
Effects of investment income tax recognized using the equity method	—	163	—	163
	$ 176,385	$ 163	$ (6,269)	$ 170,279

F. Impacted by the COVID-19 pandemic, the Company's declared profit-seeking enterprise income tax payable for 2021, 2020, and 2019 are NT$87,096 thousand , NT$59,964 thousand and NT$43,627 thousand respectively. On June 7, 2022, June 25, 2021, and June 20, 2020, the National Taxation Bureau of Taipei of the Ministry of Finance approved the request to pay the tax in 36 installments. As of December 31, 2022, the Company has paid for 2021, 2020, and 2019 are 6 installments, 18 installments and 30 installments totaling NT$80,853 thousand.

G. Income tax assessment

As of December 31, 2022, the tax collection agency approved Company' s profit-seeking enterprise income tax settlement declaration to 2020.

(30) Earnings Per Share

	2022				
	Profit attributable to ordinary shareholders of the parent company		Weighted average number of ordinary shares outstanding	EPS (NT$)	
	Before tax	After tax	(thousand shares)	Before tax	After tax
Basic earnings per share	$ 338,991	$ 266,632	222,526	$ 1.52	$ 1.20

	2021				
	Profit attributable to ordinary shareholders of the parent company		Weighted average number of ordinary shares outstanding	EPS (NT$)	
	Before tax	After tax	(thousand shares)	Before tax	After tax
Basic earnings per share	$ 910,580	$ 782,909	222,526	$ 4.09	$ 3.52

(31) Adjustments in Liabilities From Financing Activities

			Non-cash changes	
	2022.01.01	Cash Flow	Others	2022.12.31
Short-term loans	$ 2,633,443	$ (98,464)	$ —	$ 2,534,979

	2022.01.01	Cash Flow	Non-cash changes Others	2022.12.31
Short-term notes and bills payable	29,958	7,027	–	36,985
Long-term loans (including long-term liabilities, current portion)	22,902	(2,730)	–	20,172
Lease liabilities	635,054	(71,890)	24,574	587,738
Guarantee deposits received	20,383	(300)	–	20,083
Total liabilities from financing activities	$ 3,341,740	$ (166,357)	$ 24,574	$ 3,199,957

	2021.01.01	Cash Flow	Non-cash changes Others	2021.12.31
Short-term loans	$ 1,959,907	$ 673,536	$ —	$ 2,633,443
Short-term notes and bills payable	29,992	(34)	—	29,958
Long-term loans (including long-term liabilities, current portion)	75,146	(52,244)	—	22,902
Lease liabilities	663,268	(70,022)	41,808	635,054
Guarantee deposits received	28,163	(7,780)	—	20,383
Total liabilities from financing activities	$ 2,756,476	$ 543,456	$ 41,808	$ 3,341,740

7. RELATED PARTY TRANSACTIONS

(1) Names of Related Parties and Their Relationship with the Group

Name of related parties	Relationship with the group
Mayer Corporation Development International Limited	Subsidiaries
Grand Tech Precision Manufacturing (Thailand) Co., Ltd. (hereby referred to as Grand Tech Precision)	Affiliated companies
Diamond Precision Steel Corp. (hereby referred to as KY-Diamond)	Affiliated companies
Diamond Steel Tube Co., Ltd. (Vietnam)	Affiliated companies
LUEN JIN ENTERPRISE CO., LTD. (hereby referred to as Luen Jin Enterprise)	Affiliated companies
Durban Development Co., Ltd.	Other related parties
ATHENA INFORMATION SYSTEMS INTERNATIONAL CO., LTD.	Other related parties
Miramar Hospitality Co., Ltd. (hereby referred to as Miramar Hospitality)	Other related parties
Singleton Co. Ltd. (Singleton Pharma Logistics Co. Ltd. rename)	Other related parties
TZE SHIN INTERNATIONAL CO., LTD. (hereby referred to as TZE SHIN INTERNATIONAL)	Other related parties

Name of related parties	Relationship with the group
Directors, president, vice president, and other executive officers	Key management

(2) Significant Transactions with Related Parties

In 2022 and 2021, the Group conducted the following operating transactions with the related parties of non-merged companies:

A. Sales Revenue

	2022	2021
Affiliated companies	$ 209,615	$ 70,511

The Group's transactions with the above-mentioned related parties are handled based on conditions agreed upon by both parties.

B. Accounts Receivable

	2022.12.31	2021.12.31
Affiliated companies	$ 15,103	$ 23,498

C. Construction in Progress

The management service fees the Company paid to other related parties for real estate development is NT$1,440 thousand in both 2022 and 2021. The sums are accounted for under "Inventories(for construction business)- Construction in Progress".

D. Other Receivable (Including amounts loaned)

	2022.12.31	2021.12.31
General payment		
Subsidiaries	$ 172	$ 155
Amount loaned		
Subsidiaries	18,706	16,859
Subtotal	18,878	17,014
Less: Allowance for impairment loss	(18,878)	(17,014)
	$ —	$ —

E. Refundable Deposits

	2022.12.31	2021.12.31
Other related parties	$ 5	$ 5

F. Contract Liabilities

	2022.12.31	2021.12.31
Other related parties	$ 7	$ 7

G. Accounts Payable

	2022.12.31	2021.12.31
Other related parties	$ 120	$ 126

H. Other Payables

	2022.12.31	2021.12.31
Other related parties	$ 11	$ 16

I. Lease Revenue

	2021	2020
Other related parties	$ 282	$ 11

J. Others income

	2022	2021
Other related parties	$ 14	$ —

K. Lease Revenue

	2022	2021
Other related parties	$ 179	$ 179

L. Dividend Income

	2022	2021
Investment reductions under the equity method		
Grand Tech Precision	$ 46,608	$ 26,536
KY-Diamond	59,580	50,051
Luen Jin Enterprise	8,483	—
	114,671	76,587
Other Income		

Miramar Hospitality	188	—
TZE SHIN INTERNATIONAL	5,200	—
	5,388	—
	$ 120,059	$ 76,587

M. Others

i. The Company purchased worth of gifts on behalf of related parties amounted to NT$77 thousand and NT$48 thousand, respectively, for 2022 and 2021, were record as "operating expenses".

ii. In 2022 and 2021, the Group paid NT$400 thousand and NT$94 worth of computer information service fees to other related parties respectively, with the payment listed under "operating costs".

iii. The Group's computer information service fees and commissions paid to other related parties in 2022 and 2021 are NT$206 thousand and NT$160 thousand respectively, with the payments listed under "operating expenses".

iv. The Group paid NT$40 thousand for rapid screening reagents to other related parties in 2022, were record as "operating expenses".

v. On February 4, 2021, the Group revised a Jointly-constructed with house divided contract in the Xitou section of Qidu District, Keelung City with Durban Development Co., Ltd. And, The house can exchange of 1.32 square meters land.

(3) Key Management Compensation

	2022	2021
Salary and short-term employee benefits	$ 40,118	$ 75,344
Post-Employment Benefits	612	655
	$ 40,730	$ 75,999

The remuneration of directors and other key management are determined based on individual performance and market trends by the remuneration committee.

8. PLEDGED ASSETS

The book value of the Group’ s assets pledged to financial institutions as collateral for long or short-term loans, presale buyer trust funds for construction projects, and restrictions on repatriated overseas funds on December 31, 2022 and 2021 are detailed below:

	2022.12.31	2021.12.31
Inventories (for construction business)	$ 312,289	$ 247,417
Other financial assets - bank deposits	111,057	115,166
Other financial assets - current financial assets at fair value through profit and loss	253,921	576,612
Other financial assets - current investments in equity instruments designated at fair value through other comprehensive income	67,500	144,940
Other financial assets － non current financial assets at fair value through profit and loss	88,260	—
Finance lease receivables	39,018	39,823
Properties, plants and equipment	572,115	575,025
Investment property	144,702	147,635
	$ 1,588,862	$ 1,846,618

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMPACT COMMIMENTS

(1)On March 7, 2008, the Company entered into a contract with Qing-Hui Jian and three other persons to purchase rezoned land No. 38 and other lots in Yongcui Section, Banqiao District, New Taipei City for a total of NT$1,930,800 thousand. As of December 31, 2022, the Company had paid NT$89,110 thousand pursuant to the contract, and the unpaid balance had been offset by a claim for damages. However, without warning, Qing-Hui Jian and three others, after donating part of the lands, sold the rest to Yeashin Inter.

Development Co., Ltd. and registered the transfer of ownership, which was a serious violation of the agreement between the two parties and the Company's obligatory rights. The progress of the trial is as follows:

A. On April 7, 2017, the Company filed a civil lawsuit with the Taiwan Taipei District Court requesting Qing-Hui Jian and two others to transfer the ownership of land holdings of lots No. 62 to 67 in Yongcui Section, Banqiao District, New Taipei City (totaling 1,511.19 square meters), after rezoning, to the Company in accordance with the Preliminary Land Sale and Purchase Agreement and Supplemental Agreement (hereinafter referred to as the "Sale and Purchase Agreement") executed by the parties in 2008. The Taiwan Taipei District Court ruled in favor of the Company in the civil ruling Chong-Su-Zi No. 594 of 2017, and Qing-Hui Jian and two others were ordered to transfer the ownership of the aforesaid land to the Company. Qing-Hui Jian and two others appealed the ruling, which was later rejected by the Taiwan High Court in the civil ruling Chong-Shang-Zi No. 739 of 2018. Qing-Hui Jian and two others filed another appeal, to which the Supreme Court issued its civil ruling Tai-Shang-Zi No. 2947 of 2020 on November 25, 2021 to remand the case back to Taiwan High Court. The lawsuit is currently being reviewed by the Taiwan High Court (case reference: Chong-Shang-Geng-I-Zi No. 5 of 2022). To enforce the aforementioned transfer of ownership, the Company filed a request for provisional injunction with Taiwan New Taipei District Court, to which the court issued civil ruling Chuan-Zi No. 142 of 2016 approving the request to prohibit transfer, pledging, leasing, and all acts of disposal of the real estate properties owned by Qing-Huang Jian and two others as shown in the Appendix, subject to a security deposit of NT$37,653,818. The Company has provided the security deposit to enforce the provisional injunction for the abovementioned land.

B. On October 25, 2017, the Company filed a civil lawsuit with the Taiwan Taipei District Court, seeking damages of NT$ 118,678 thousand for the transfer of land at lot No. 48 in Yongcui Section, Banqiao District, New Taipei City to a third party by Qing-Hui Jian and three others. The Taiwan Taipei District Court ruled in the civil ruling Chong-Su-Zi No. 1325 of 2017 that Qing-Hui Jian and three others shall pay the Company NT$ 97,825 thousand together with an interest of 5% per annum from March 24, 2017 to the date of settlement. The Company appealed parts of the ruling in which it was not awarded favorably, and requested to have Qing-Hui Jian and three others pay the

Company an additional NT$20,853 thousand plus an interest accruing at 5% from March 24, 2017 until settlement. Meanwhile, Qing-Hui Jian and three others also appealed the court’ s ruling. On December 21, 2021, Taiwan High Court issued civil ruling Chong-Shang-Zi No. 298 of 2020 that rejected the appeals of both parties. Qing-Hui Jian and three others appealed the rejection, and the appeal was rejected for the last time on July 26, 2022 by the Supreme Court in judgment Tai-Shang-Zi No. 1190 of 2022. All damage claims plus interest that the court had ruled in favor of the Company was recovered on July 27, 2022.

C. On April 30, 2020, the Company filed a civil lawsuit with the Taiwan Taipei District Court, seeking damages of NT$ 594,956 thousand for the transfer of land at lot No. 49 in Yongcui Section, Banqiao District, New Taipei City to a third party by Qing-Hui Jian and three others. On March 3, 2023, the Taiwan Taipei District Court ruled in the civil ruling Chong-Su-Zi No. 487 of 2020 that Qing-Hui Jian three others shall pay the Company NT$605,121 thousand together with an interest of 5% per annum from March 24, 2017 to the date of settlement.

D. On June 29, 2021, the Company filed a civil lawsuit with the Taiwan Taipei District Court, seeking damages of NT$ 823,018 thousand for the transfer of land at No. 38 in Yongcui Section, Banqiao District, New Taipei City to a third party by Qing-Hui Jian and three others. On January 6, 2023, the Taiwan Taipei District Court ruled in the civil ruling Chong-Su-Zi No. 528 of 2021 that Qing-Hui Jian and three others shall pay the Company NT$812,436 thousand together with an interest of 5% per annum from March 24, 2017 to the date of settlement, to which Qing-Hui Jian and three others have filed an appeal. To enforce the above claim, the Company has provided a security deposit for the Taiwan Taipei District Court to execute provisional attachment of properties up to NT$75 million owned by Qing-Hui Jian three others, as mentioned in the court’ s ruling Chuan-Zi No. 275 of 2022. Provisional attachment of properties owned by Qing-Hui Jian and three others has been executed to date.

(2)Regarding the 200 million shares (the "disputed shares") of Mayer Holdings Limited (Cayman) (hereinafter referred to as "Mayer Holdings (Cayman)") held by the Group, Mayer Corporation Development International Limited (hereinafter referred to as "Mayer Corp. (BVI)"), on January 12, 2012, Computershare notified that Aspial Investment Limited and Bumper East Limited had requested for a transfer of the disputed shares to them. The Hong Kong Court of Final Appeal made a ruling later on July 3, 2014 that Mayer Corp. (BVI) had lost ownership over Mayer Holdings (Cayman), and case no longer posed any significant impact to the Company at the time.

The Company entrusted the foregoing "disputed shares" to the person in charge of Mayer Corp. (BVI), surnamed Lai, for safekeeping and disposal. Without the consent or authorization of the Company, Lai disposed of (sold) the foregoing shares to a third party, which prevented the Company from returning the shares to Mayer Corp. (BVI). On April 29, 2015, the Board of Directors resolved to file a criminal complaint with the District Prosecutor's Office to pursue the legal responsibility of Lai in order to protect the rights and interests of the Company and all shareholders. On March 19, 2021, the prosecutor of Taiwan Taipei District Prosecutors Office filed an indictment under Zhen-Zi No. 7922 and No. 7923 of 2016. The case was transferred to the Criminal Court of the Taiwan Taipei District Court for trial under Jin-Chong-Su-Zi No, 16 of 2021, to which the court ruled that Lai was not guilty on January 17, 2023. The case is currently awaiting further actions from the prosecutor.

(3)On September 15, 2010, Glory World Development Limited (BVI), a joint venture between the Company and Mayer Holdings Limited (Cayman), entered into an exclusive supply contract with Vietnam Minerals Holding Company (Brunei), a Vietnamese mining holding company, through its subsidiary Elternal Galaxy Limited (BVI). The first installment of the performance bond,US$ 10 million, was paid in full on October 15, 2010.

As Vietnam Minerals Holding Company (Brunei) failed to comply with the contract, the entire amount of the "refundable deposits" was transferred to "other receivables" and an allowance for bad debt was provided for based on the conservatism principle. The cumulated impairment loss and allowance for bad debt amounted to US$ 2.92 million and US$ 5.42 million, respectively. In addition to confirming the value (or rights) of different assets, and whether they can be legally pledged or transferred, the Group intends to discuss with co-beneficiaries whether to take legal action to protect the Company's rights and interests. As per evaluation, the case no longer poses any significant impact to the Group. More updates shall be provided once the Company and the co-beneficiaries reach further consensus.

(4)Glory World Development Limited (BVI), a joint venture subsidiary between the

Company and Mayer Holdings Limited (Cayman), signed an exclusive supply contract on September 27, 2010 with Dynamic Natural Resources Pte. Ltd. (Singapore) through its subsidiary Sinowise Development Limited (BVI). The contract took effect from the date of signing and was valid for a period of five years. The performance bond of US$4 million was paid in full on October 5, 2010. However, Sinowise Development Limited (BVI) signed a termination agreement with the company on March 25, 2012. The performance bond, prepayments, and loss attributed up to that date were to be repaid in installments with a 5% annual interest starting on January 1, 2012. The total repayment amounts to US$ 6.98 million, but only US$ 1.3 million has been received. Therefore, a 100% allowance for bad debts was provided based on the conservatism principle. The appointed counsel indicated that Dynamic Natural Resources Pte. Ltd. (Singapore) was in a struck off status. Sinowise Development Limited (BVI) intends to discuss with co-beneficiaries whether to take legal action to protect the Company's rights and interests. As per evaluation, the case no longer poses any significant impact to the Group. More updates shall be provided once the Company and the co-beneficiaries reach further consensus.

(5)On April 5, 2017, the Securities and Futures Commission of Hong Kong imposed a total fine of HK$10.2 million on Mayer Holdings Limited (Cayman) and nine of its current and former senior staff at the Market Misconduct Tribunal for breach of "disclosure obligations" under the Securities and Futures Ordinance. The Company appointed a counsel to represent the Company's President and five other persons to appeal to the Court of Appeal of the High Court of Hong Kong. Permission to appeal was granted by the Court of Appeal on June 14, 2017. Following the hearing of the appeal on November 20 and 21, 2018, the Tribunal gave directions on July 24, 2020 requiring the parties to submit expert reports. The tribunal will issue its ruling after closing statements scheduled on August 31,2022. As of December 31, 2022, the Company had recognized a total of HK$4,680 thousand in attorney fees with relation to the foregoing case.

(6) As of December 31, 2022 and 2021, the unused balances of letters of credit issued by the Company were NT$67,208 thousand and NT$96,485 thousand, respectively.

(7) As of December 31, 2022 and 2021, the balance of guaranteed notes issued by the Company for bank borrowings, procurement of materials, and endorsements/guarantees were NT$3,635,900 thousand and NT$3,321,660 thousand, respectively.

(8) As of December 31, 2022 and 2021, the Company's contracted and unpaid amount for the procurement of machinery and equipment and land development was NT$69,514 thousand and NT$82,397 thousand, respectively.

10. SIGNIFICANT DISASTER LOSS: None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE:None.

12. OTHERS:

(1) Capital Risk Management

The Group needs to maintain enough capital to support expansions and improvements of plants and equipment. Therefore, the Group's capital management is to ensure that it has necessary financial resources and operating plans to meet the needs of working capital, capital expenditures, research and development expenses, debt repayment, and dividend expenditures in the next 12 months.

(2) Financial Instruments

A. Financial instruments by category

	2022.12.31	2021.12.31
Financial Assets		
Designated at amortized cost (Note 1)	$ 1,898,716	$ 1,554,890
Designated at fair value through profit or loss	680,039	1,090,396
Designated at fair value through other comprehensive income	213,321	359,093
Financial Liabilities		
Designated by amortized cost (Note 2)	$ 3,027,001	$ 3,330,542

Note 1: The balance includes financial assets measured at amortized cost such as cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits, finance lease receivables, and other financial assets.

Note 2: The balance includes financial liabilities at amortized cost such as current borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables, guarantee deposits received, and non-current portion of non-currnet borrowings.

B. Fair value information

(a) Financial instruments not measured at fair value

The Group believes that the book value of financial assets and financial liabilities measured at amortized cost is a reasonable approximation of fair value.

(b) Financial instruments measured at fair value

The following table provides the relevant analysis of financial instruments measured at fair value after initial recognition, and is divided into Levels 1 to 3 based on fair value observability.

i. Level 1 fair value measurements are quoted prices in active markets for identical assets or liabilities (unadjusted)

ii. Level 2 fair value measurements are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (price) or indirectly (derived from price).

iii. Level 3 fair value measurement refers to fair value evaluation techniques not based on the input value of assets or liabilities based on observable market data (unobservable input value).

	2022.12.31			
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic listed company stocks	$ 274,203	$ —	$ —	$ 274,203
Domestic non-listed company stocks	—	—	369,399	369,399
Foreign non-listed company stocks	—	—	29,383	29,383
Fund beneficiary certificate	7,054	—	—	7,054
	$ 281,257	$ —	$ 398,782	$ 680,039
Financial assets at fair value through other comprehensive income				
Domestic listed company stocks	$ 77,220	$ —	$ —	$ 77,220
Domestic non-listed company stocks	—	—	134,858	134,858
Foreign non-listed company stocks	—	—	1,243	1,243
	$ 77,220	$ —	$ 136,101	$ 213,321

	2021.12.31			
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic listed company stocks	$ 636,018	$ —	$ —	$ 636,018
Domestic non-listed company stocks	—	—	421,785	421,785
Foreign non-listed company stocks	—	—	26,124	26,124

	2021.12.31			
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
Fund beneficiary certificate	6,469	—	—	6,469
	$ 642,487	$ —	$ 447,909	$ 1,090,396
Financial assets at fair value through other comprehensive income				
Domestic listed company stocks	$ 193,020	$ —	$ —	$ 193,020
Domestic non-listed company stocks	—	—	5,635	5,635
Foreign non-listed company stocks	—	—	160,438	160,438
	$ 193,020	$ —	$ 166,073	$ 359,093

There have been no transfers between Level 1 and Level 2 of the Group's financial assets and liabilities measured at fair value on a repetitive basis in 2022 and 2021.

Adjustment of financial instruments measured at Level 3 fair value.

The Group's financial assets measured at Level 3 fair value are equity instrument investments that measured at fair value through profit and loss or at fair value through other comprehensive profit or loss.

Financial assets at fair value through profit or loss were adjusted as follows:

	2022	2021
Beginning balance	$ 447,909	$ 388,829
Addition	—	3,645
Capital reduction and refund of shares	(384)	—
Gains (loss) on disposals of investments	(37)	—
Finance measured at fair value through profit or loss	(48,706)	55,676
Unrealized gains (losses) from assets		
Foreign currency exchange difference	—	(241)
Ending balance	$ 398,782	$ 447,909

Investments in equity instruments measured at fair value through other comprehensive income were adjusted as follows:

	2022	2021
Beginning balance	$ 166,073	$ 204,297
Obtained in the period	—	561
Capital reduction and refund	( )	( )
of shares	18,216	43,720
Unrealized gains (losses) of	( )	4,935
financial assets	11,756	
measured at fair value through		
other comprehensive income		
Ending balance	$ 136,101	$ 166,073

(c) Evaluation techniques and assumptions used to measure fair value

The Group determines the fair value of its financial assets and liabilities through the following methods and assumptions:

The fair value of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market prices (including listed corporate bonds, agency bonds, stocks of listed companies, and government bonds).

The fair value of unlisted companies without an active market are estimated using the market method, which is based on parameters such as recent fundraising activities, valuation of similar companies, technological development of the company, market conditions, and other economic indicators.

C. Financial risk management purpose and policy

The objective of the Group's financial risk management is to manage operation-related foreign currency risk, interest rate risk, credit risk, and liquidity risk. To reduce relevant financial risks, the Group is committed to identifying, evaluating, and avoiding market uncertainties in order to reduce potential negative impacts of market changes on the Company's financial performance.

The Group's significant financial activities are reviewed by the Board of Directors in accordance with relevant regulations and internal control systems. In executing financial plans, the Group must strictly follow financial operating procedures regarding overall financial risk management and division of power and responsibilities.

(a) Market risk

Market risk to the Group is the risk that the fair value or cash flows of financial instruments will fluctuate because of changes in market prices. Market risk comprise of mainly currency risk, interest rate risk, and other price risks.

i.Currency risk

The Group’s operation and net investments by foreign operating institutions are mainly conducted in foreign currencies, which expose the Group to currency risk. The Company's foreign currency receivables are the same as some of the foreign currency payables, with certain positions resulting in a natural hedging effect. Also, the net investment of foreign operating institutions is a strategic investment, so the Group has not hedged against it.

Currency risk sensitivity analysis calculated based on information on the Group’s foreign currency financial assets and liabilities with significant impact:

Unit: $1000 in each foreign currency

	2022.12.31			
(Foreign currency: functional currency)	Foreign currency	Exchange rate	Degree of variation	Effects on profit and loss (NTD)
Financial Assets				
Monetary items				
USD: NTD	$ 3,802	30.70	1%	$ 1,167
USD: VND	255	23,575	1%	78

Financial Liabilities ： None.

Unit: $1000 in each foreign currency

(Foreign currency: functional currency)	2021.12.31			
	Foreign currency	Exchange rate	Degree of variation	Effects on profit and loss (NTD)
Financial Assets				
Monetary items				
USD: NTD	$ 4,697	27.67	1%	$ 1,300
USD: VND	246	22,800	1%	68

Financial Liabilities ： None.

ii.Interest rate risks

Interest rate risk is the risk that a change in market interest rates will reduce the fair value of financial instruments. The Group's exposure to interest rate risk is primarily due to fixed-income investments and fixed-rate borrowings.

The sensitivity analysis of interest rate risk is based on changes in the fair value of fixed-income investments at the balance sheet date. If interest rates increase/decrease by 0.25% with all other variables remaining constant, the Group's net profit in 2022 and 2021 will be reduced by NT$4,606 thousand and NT$5,020 thousand, respectively.

iii.Other price risks

The price risk of the Group's equity instruments comes mainly from financial assets measured at fair value through profit and loss and financial assets measured at fair value through other comprehensive gains and losses. All major equity instrument investments must be approved by the Company's Board of Directors.

The sensitivity analysis of equity instrument price risk is based on changes in fair value at the balance sheet date. If the price of equity instruments increased/decreased by 5%, the Group's net profit in 2022 and 2021 will be increased by NT$14,143 thousand and NT$31,989 thousand, respectively, with other comprehensive profit and loss increasing by NT$3,890 thousand and NT$9,664 thousand, respectively.

(b)Credit risk

Credit risk refers to the risk of a counterparty breaching contractual obligations, causing financial losses to the Group. The Group’ s exposure to credit risk comes mainly from receivables from operating activities, bank deposits from investment activities, fixed-income investments, and other financial instruments. Operation-related credit risk and financial credit risk are managed separately.

i. Operation-related credit risk

The Group has established operation-related credit risk management procedures to maintain the quality of accounts receivable.

Risk assessments of individual customers takes into account multiple factors that can affect a customer’s ability to make payments, including the customer’s financial situation, credit rating by credit rating agencies, credit rating by the Group, transaction history, and current economic situation. The Group will also use certain credit enhancement tools like prepayments and credit insurance to reduce the credit risk of specific customers.

Concentrations of credit risk are limited given that the Group's customer base is large and unrelated. As of December 31, 2022 and 2021, the ratio of the total accounts receivable from the Group’s top ten customers to the total accounts receivable was 45% and 36%, respectively.

ii. Financial credit risk

The credit risk of bank deposits and other financial instruments are assessed and monitored by the Group’s finance department. Because the Group’s transaction partners and counterparties are all banks with high credit quality and financial institutions of investment grade, there is no significant default risk, and therefore no significant credit risk.

(c) Liquidity risk management

The Group's purpose for managing liquidity risk is to maintain cash and cash equivalents, highly liquid securities, and sufficient bank financing limits needed for operations to ensure that the Group has sufficient financial flexibility.

The following table summarizes the analysis of financial liabilities within the agreed repayment period of the Group based on maturity date and undiscounted maturity amount:

	2022.12.31				
	Less than 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Non-Derivative Financial Liabilities					
Short-term loans	$ 2,534,979	$ —	$ —	$ —	$ 2,534,979
Short-term notes and bills payable	36,985	—	—	—	36,985
Notes and accounts payable (including related parties)	291,614	—	—	—	291,614
Other payables (including related parties)	123,168	—	—	—	123,168
Lease liabilities	56,985	107,501	97,311	325,941	587,738
Long-term liabilities,current portion	2,755	5,670	5,890	5,857	20,172
	$ 3,046,486	$ 113,171	$ 103,201	$ 331,798	$ 3,594,656

	2021.12.31				
	Less than 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Non-Derivative Financial Liabilities					
Short-term loans	$ 2,633,443	$ —	$ —	$ —	$ 2,633,443
Short-term notes and bills payable	29,958	—	—	—	29,958
Notes and accounts payable (including related parties)	436,945	—	—	—	436,945
Other payables (including related parties)	186,911	—	—	—	186,911
Lease liabilities	54,934	106,560	98,744	374,816	635,054
Long-term liabilities,current portion	2,750	5,621	5,786	8,745	22,902
	$ 3,344,941	$ 112,181	$ 104,530	$ 383,561	$ 3,945,213

13. SUPPLEMENTARY DISCLOSURES:

When preparing the consolidated financial report, all major transactions between the parent and subsidiary companies and their balances have been eliminated.

(1)Information on major transactions and (2) invested businesses:

A. Loans to others：Please refer to Table 1.

B. Provision of endorsements/guarantees to others：Please refer to Table 2.

C. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates and joint venture equity)：Please refer to Table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of paid-in capital or more: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more：Please refer to Table 4.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchase or sale of goods from or to related parties reaching at least NT$100 million or 20% of paid-in capital: None.

H. Receivables from related parties reaching at least NT$100 million or 20% of paid-in capital: None.

I. Entities engaged in derivative trading: None.

J. Business relations and important transactions between parent and subsidiary companies：Please refer to Table 5.

K. Names, locations, and other information of investee companies (excluding the investees in Mainland China)：Please refer to Table 6.

(2)Information on investments in Mainland China

A. The name, primary operations, paid-in capital, investment methods, capital remittances, shareholding ration, investment gains and losses, ending investment book value, remitted investment gains, and invest limit in Mainland China of investees in Mainland China：Please refer to Table 7.

B. Direct or indirect significant transactions with investees in Mainland China via a third region and the prices, payment terms, and unrealized gains and losses of such transactions：Please refer to Table 7.

(3) Information on major shareholders (the names and number/percentage of shares held of shareholders that hold over 5% shares)：Please refer to Table 8.

14. DEPARTMENTAL INFORMATION

(1) Operating Segments

Information provided to chief operating decision makers for allocating resources and evaluating departmental performance, focusing on each type of product or service delivered or provided. In accordance with IFRS 8 - "Operating Segments", department in the Group that should be reported are described as follows:

A. Steel department: This department is primarily for the production and sales of black steel pipes, zinc-coated steel pipes, and stainless-steel coils for Pipes.

B. Real estate investment department: This department is primarily engaged in the procurement of construction land to build public housing in independent or joint construction projects, as well as the development, leasing, and purchase and sale of properties.

C. Investment department: This department is primarily for business regarding holding companies and operating investments.

D. Mineral trade department: This department is primarily engaged in mineral resources trading.

E. Hotel services department: This department primarily handles hotel operations.

(2) Department revenue and operating results

Information on the revenue and operating results of the Group’s departments are as follows:

	2022					
Revenue	Steel Department	Real Estate Investment Department	Direct Investment Department	Hotel Services Department	Inter-department write-offs	Total
Revenue from external customers	$ 6,555,002	$ —	$ 1,506	$ 67,837	$ —	$ 6,624,345
Inter-department revenue	17,967	—	—	—	(17,967)	—
	$ 6,572,969	$ —	$ 1,506	$ 67,837	$ (17,967)	$ 6,624,345
Operating income	$ 284,992	$ (17,602)	$ (67)	$ (36,999)	$ 228	$ 230,552
Recognize shares in the net benefits of affiliated companies and joint ventures using the equity method	$ 81,161	$ —	$ —	$ —	$ 20,872	$ 102,033
Total tax expenses	$ 72,291	$ —	$ 67	$ —	$ —	$ 72,358

	2021					
Revenue	Steel Department	Real Estate Investment Department	Direct Investment Department	Hotel Services Department	Inter-department write-offs	Total
Revenue from external customers	$ 6,515,200	$ —	$ 2,720	$ 40,698	$ —	$ 6,558,618
Inter-department revenue	34,188	—	—	—	(34,188)	—
	$ 6,549,388	$ —	$ 2,720	$ 40,698	$ (34,188)	$ 6,558,618
Operating income	$ 624,609	$ (3,112)	$ (29,106)	$ (59,874)	$ 124	$ 522,641
Recognize shares in the net benefits of affiliated companies and joint ventures using the equity method	$ 75,697	$ —	$ —	$ —	$ 48,908	$ 124,605
Total tax expenses	$ 127,569	$ —	$ 102	$ —	$ —	$ 127,671

(3) Revenue from primary goods and services

Analysis of the Group’s revenue from primary goods and services are as follows:

	2022	2021

	2022	2021
Steel	$ 6,555,002	$ 6,515,200
Hotel	67,837	40,698
Investments	1,506	2,720
	$ 6,624,345	$ 6,558,618

(4) Regional information

Revenue from external customers	2022	2021
Taiwan	$ 6,132,730	$ 6,027,298
Vietnam	316,572	314,340
Thailand	133,250	172,489
Others	41,793	44,491
	$ 6,624,345	$ 6,558,618

Non-current assets	2022.12.31	2021.12.31
Taiwan	$ 3,260,156	$ 3,176,069
Vietnam	54,308	59,185
	$ 3,314,464	$ 3,235,254

(5) Information on primary customers

The following is a list of primary customers whose annual amount of sales account for more than 10% of the Group's net operating revenue on the balance sheet in 2022 and 2021:

	2022		2021	
Name of customer	Amount of sales	Percentage of net sales %	Amount of sales	Percentage of net sales %
Company Z	$ 665,750	10.05	$ 894,170	13.63

Mayer Steel Pipe Corporation and subsidiaries

Loans to others

January 1 to December 31, 2022

Table1

In Thousands of New Taiwan Dollars

No. (Note 1)	Lender	Borrower	General ledger account	Related party	Maximum outstanding balance during the current period	Ending balance (Note 2)	Actual amount drawn down	Interest rate range	Nature of loan	Transaction amount	Reason for short-term financing	Allowance for loss provision	Collateral		Limit on loans granted to a single party (Note 4)	Limit on total lender's loans granted (Note 5)
													Name	Value		
0	Mayer Steel Pipe Corporation	Mayer Corporation Development International Limited	Other receivables	Yes	$ 19,626	$ 18,706	$ 18,706	1.22 % (Note6)	Note 3	—	In response to the short-term financing needs of subsidiaries	$ 18,706	—	—	$ 320,293	$ 1,281,171
0	Mayer Steel Pipe Corporation	Ding Bang Development Co., Ltd.	Other receivables	No	105,650	105,650	101,950	12%-18%	Note 3	—	In response to short-term financing needs	—	—	—	320,293	1,281,171

Note 1: How to fill out the number column:

1.Issuer is 0.

2.Investees are numbered in order starting from '1'.

Note 2: Funds available for loans to others approved by the Board of Directors.

Note 3: Those in need of short-term financing.

Note 4: The Group's financing limit for a single enterprise must not exceed 10% of its net worth according to most recent financial report.

Note 5: The Group's financing limit must not exceed 40% of its net worth according to most recent financial report.

Note 6: Mayer Corporation Development International Limited entered liquidation on March 27, 2017, so imputed interests have been suspended since April 2017.

Mayer Steel Pipe Corporation and subsidiaries
Provision of endorsements/guarantees to others
January 1 to December 31, 2022

Table 2

In Thousands of New Taiwan Dollars

No. (Note 1)	Provider of endorsements / guarantees Name of company	Entity for which the endorsement/guarantee is made		Limit on endorsements / guarantees to a single enterprise (Note 3)	Highest outstanding balance of endorsements / guarantees in the current period	Ending balance of endorsements / guarantees	Actual amount drawn down	Endorsed / guaranteed amount with property as collateral	Cumulative endorsed / guaranteed amount as a percentage of the net value in the most recent financial statement	Maximum endorsed/guaranteed amount (Note 4)	Parent company to subsidiary	Subsidiary to parent company	To Mainland China
		Name of company	Relation to the Company (Note 2)										
0	Mayer Steel Pipe Corporation	Ding Bang Development Co., Ltd.	5	$ 3,202,927	$ 250,000	$ 250,000	$ 198,101	$ —	7.81	$ 3,202,927	No	No	No

Note 1: How to fill out the number column:

1.Issuer is 0.

2.Investees are numbered in order starting from '1'.

Note 2: Relationships between endorser/guarantor and the entity for which the endorsement/guarantee is made are classified into the following seven categories:

1.Companies with business interactions with the Company.

2.Companies in which the Company directly or indirectly holds more than 50% of voting shares.

3.Companies that in directly or indirectly hold more than 50% of the Company's voting shares.

4.Companies in which the Company directly or indirectly holds more than 90% of voting shares.

5.Companies providing mutual endorsements/guarantees between industry peers or joint applicants for purposes of undertaking a construction project.

6.Companies where all capital-contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

7.Companies in the same industry provide performance guarantees of sales contracts for pre-sale homes according to the Consumer Protection Act for one another.

Note 3: The Company's endorsement/guarantee limit for a single firm shall not exceed the Company's net worth according to the most recent financial report.

Note 4: The Company's endorsement/guarantee limit must not exceed 100% of its net worth according to the most recent financial report.

Mayer Steel Pipe Corporation and subsidiaries

Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates and joint venture equity)

December 31, 2022

Table 3

In Thousands of New Taiwan Dollars

Holding company	Type and name of securities	Relation with the Company	General ledger account	End of period			Fair Value	Note
				Share	Book value	Percentage (%)		
Mayer Steel Pipe Corporation	Xpec Entertainment Inc.		Current financial assets at fair value through profit or loss	70,225	$ –	0.04	$ –	
	Miramar Hospitality Co., Ltd.		″	725,000	6,032	1.95	6,032	
	IBF Financial Holdings Co., Ltd.		″	15,547,000	175,681	0.45	175,681	15,547 thousand shares pledged
	ADATA Technology Co., Ltd.		″	250,000	14,250	0.09	14,250	
	EVERGREEN MARINE CORPORATION (TAIWAN) LTD.			480,000	78,240	0.02	78,240	480 thousand shares pledged
	Taiwan Business Bank-Manulife Global Technology Fund		″	30,000	227	–	227	
	Taiwan Business Bank- Neuberger Berman Disruptive Innovation Equity Securities Investment Trust Fund Class NTD T Acc		″	70,000	467	–	467	
	Mega-KGI Future Mobility Fund		″	200,000	1,750	–	1,750	
	Taishin Senior Secured High Yield Bond Fund		″	97,813	947	–	947	
	Manulife Global Preferred Income Fund		″	93,633	903	–	903	
	KGI ESG Sustainable Emerging Market Bond Fund		″	100,000	841	–	841	
	KGI LOHAS Multi-Asset Fund		″	100,000	975	–	975	
	TCB US Short Duration High Yield Bond Fund		″	100,004	944	–	944	
	Tze Shin International Co., Ltd.	Chairman is the same person	″	5,720,000	77,220	3.03	77,220	5,000 thousand shares pledged
	Taiwan Stock Exchange Corporation		Non-current financial assets at fair value through profit or loss	568,953	89,671	0.06	89,671	560 thousand shares pledged
	Steel United International Investment Development Co., Ltd.		″	1,250,000	29,382	2.55	29,382	
	Durban Development Co., Ltd.	Chairman is the same person	″	1,933,104	5,393	1.27	5,393	
	Miramar Resort Co., Ltd.	Chairman is the same person	″	2,389,500	411	9.00	411	
	Taiwan Navigator Asset Investment Limited		″	18,000,000	273,925	14.06	273,925	
	Genesis Capital Holdings Limited		″	3,151	–	4.51	–	
	Jia Ruei Investment Development Co., Ltd.		Non-current financial assets at fair value through other comprehensive income	2,244,000	76,549	6.07	76,549	
	CSGT (SHENZHEN) Co., Ltd.		″	20,000	551	2.50	551	
Mei Kong Development Ltd.	Jia Ruei Investment Development Co., Ltd.		Non-current financial assets at fair value through other comprehensive income	1,692,748	57,758	4.58	57,758	
	Singleton Co. Ltd.		″	1,276,600	1,243	16.08	1,243	
Miramar Development Limited	Oasis Eden Properties Limited		Current financial assets at fair value through profit or loss	1,750	–	13.46	–	

Note: For information about investments in subsidiaries and affiliated companies, please refer to Table 6

Mayer Steel Pipe Corporation and subsidiaries
Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more
January 1 to December 31, 2022

Table 4

In Thousands of New Taiwan Dollars

Acquired company	Name of property	Transaction date of date of occurrence	Transaction amount	Payment delivery (Note)	Counterparty	Relation to the Company	Data transferred before transaction with related parties				Reference for price determination	Purpose of acquisition and usage	Other matters of agreement
							Owner	Relation to the Company	Date of transfer	Amount			
Mayer Steel Pipe Corporation	110 plots of land on No. 800, Guoguang Section, Banqiao District, New Taipei City	2008.3.7	$ 1,822,160	$ 89,110	Chien Ching-Hui, Chien Ching-Huang Chien Ching-Ming, Chien Ching-Hsing	None					NT$1,935,098 thousand and NT$1,862,540 thousand according to professional valuation companies.	Purchased to build national housing	

Note: Payment delivery status as of December 31, 2022.

Mayer Steel Pipe Corporation and subsidiaries

Business relations and important transactions between parent and subsidiary companies

January 1 to December 31, 2022

Table 5

In Thousands of New Taiwan Dollars

No. (Note 1)	Company name	Counterparty	Relationship with company (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Mayer Steel Pipe Corporation	Vietnam Mayer Co., Ltd.	1	Sales revenue	$ 1 7,967	Note 4	0.27
0	Mayer Steel Pipe Corporation	Mei Kong Development Ltd.	1	Leasing revenue	114	Note 5	—
0	Mayer Steel Pipe Corporation	Mei Yi Architecture Co.,Ltd.	1	Leasing revenue	114	Note 5	—

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

1. Parent company is ‘0’.
2. The subsidiaries are numbered in order starting from ‘1’.

Note 2: Transactions can be divided in to the following three categories (please indicate the category):

1. Parent company to subsidiary.
2. Subsidiary to subsidiary.
3. Subsidiary to parent company.

Note 3: The percentage of transaction amount to the consolidated total revenue or total assets are calculated as the ending balance to the consolidated total assets for asset liability accounts. For profit and loss accounts, it is calculated as the cumulated amount during the period to the consolidated total revenue.

Note 4: The company sold raw materials to Vietnam Mayer Co., Ltd. according to the acceptance of orders, and there was no significant difference between the credit period and the general manufacturers.

Note 5: Revenue from sub-leasing offices and expenses for advances.

Mayer Steel Pipe Corporation and subsidiaries

Names, locations, and other information of investee companies - excluding investees in Mainland China

January 1 to December 31, 2022

Table 6-1

In Thousands of New Taiwan Dollars

Name of investor	Name of investee	Location	Main business activities	Initial investment amount		Shares held at the end of the period			Net profit (loss) of investee for the current period	Investment (loss) profit recognized by the company	Note
				Balance sheet date	End of last year	Number of shares (1000 shares)	Percentage	Book value			
Mayer Steel Pipe Corporation	Mayer Corporation Development International Limited	British Virgin Islands	Holding, various investment business	$ 390,881	$ 390,881	5,550	100.00	$ – (Note 1)	$ –	$ –	Subsidiaries
	Vietnam Mayer Co., Ltd.	Vietnam	Processing and sales of steel pipes, steel plates and other metal products	212,601	212,601	–	100.00	219,541	30,266	30,266	Subsidiaries
	Glory World Development Limited	British Virgin Islands	Various investment business	259,121	259,121	8,882	50.21	– (Note 2)	(1,611)	(810)	Subsidiaries
	Mei Kong Development Ltd.	Taiwan	Various investment and property development business	510,149	525,149	505,000	100.00	531,294	266	266	Subsidiaries
	Miramar Development Limited	Hong Kong	Various investment business	498,923	498,923	17,100	90.00	14,946	131	119	Subsidiaries
	Mayer Inn Corporation	Taiwan	General hospitality business and international trade	374,800	344,800	20,000	100.00	147,600	(51,399)	(51,399)	Subsidiaries
	Mei Yi Architecture Co.,Ltd.	Taiwan	Housing and Building Development and Rental	18,000	18,000	1,800	90.00	17,805	(137)	(124)	Subsidiaries
	Grand Tech Precision Manufacturing (Thailand) Co., Ltd.	Thailand	Processing and sales of steel pipes, steel plates and other metal products	179,688	179,688	17,350	45.01	218,480	69,361	31,219	Investees evaluated using the equity method
	Diamond Precision Steel Corp.	Cayman Islands	Various investment business	106,248	106,248	3,528	42.50	228,795	144,500	61,413	Investees evaluated using the equity method
	Luen Jin Enterprise Co., Ltd.	Taiwan	Manufacture of Other Metals	156,600	156,600	6,525	30.00	158,711	34,033	10,211	Investees evaluated using the equity method
Glory World Development Limited	Sinowise Development Limited	British Virgin Islands	Trading of on-ferrous metals and other mineral resources	236,731	236,731	7,550	100.00	– (Note 3)	–	Note 6	Indirect investments in sub-subsidiaries
	Elternal Galaxy Limited	British Virgin Islands	Trading of on-ferrous metals and other mineral resources	291,617	291,617	9,350	100.00	– (Note 4)	(1,608)	Note 6	Indirect investments in sub-subsidiaries

Mayer Steel Pipe Corporation and subsidiaries

Names, locations, and other information of investee companies - excluding investees in Mainland China

January 1 to December 31, 2022

Table 6-2

Name of investor	Name of investee	Location	Main business activities	Initial investment amount		Shares held at the end of the period			Net profit (loss) of investee for the current period	Investment (loss) profit recognized by the company	Note
				Balance sheet date	End of last year	Number of shares (1000 shares)	Percentage	Book value			
Glory World Development Limited	Grace Capital Group Limited	Samoa	Trading of on-ferrous metals and other mineral resources	2,099	2,099	70	100.00	— (Note 5)	—	Note 6	Indirect investments in sub-subsidiaries

Note 1: Mayer Corporation Development International Limited (BVI) entered liquidation on March 27, 2017 and was therefore not included as an entity in the consolidated report. As a result, the balance of NT$(58,801) thousand from the net book equity value of NT$ (77,679) thousand minus other receivables transferred to allowance for loss of NT$18,878 thousand was transferred under “other non-current liabilities, others”.

Note 2: Glory World Development Limited was struck off by the local government on November 3, 2020 and was therefore not included as an entity in the preparation of this report. As a result, the net book equity value was transferred under other non-current liabilities, others NT$10,137 thousand.

Note 3: Transferred to other non-current liabilities, others NT$790 thousand.

Note 4: Transferred to other non-current liabilities, others NT$17,642 thousand.

Note 5: Transferred to other non-current liabilities, others NT$204 thousand.

Note 6: The profit and loss of the investee company has been included in its investment company and will not be expressed separately.

Mayer Steel Pipe Corporation and subsidiaries
Information of investment in mainland China
January 1 to December 31, 2022

Table 7

In Thousands of New Taiwan Dollars

Investee	Main businesses	Total paid-in capital	Method of investment (1)	Accumulated outflow of investment from Taiwan as of beginning balance	Investment flows		Accumulated outflow of investment from Taiwan as of ending balance	Net Income (Losses) of the Investee Company	Percentage of ownership	Investment profit (loss) of this period recognized (2)	Book value	Accumulated inward remittance of Earnings as of ending balance	Note
					Outflow	In flow							
CSGT (SHENZHEN) Co., Ltd.	Buy and sell, and act as an agency for steel products	$ 24,560 (US 800 thousand)	Through investment to set up company then invest in China.	$ –	$ 614 (US 20 thousand)	–	$ 614 (US 20 thousand)	$ –	2.50%	$ –	$ 551	$ –	Financial assets at fair value through other comprehensive income non-current

Accumulated investment in China as of December 31, 2022 (4)	Investment amounts authorized by investment commission, MOEA (4)	Upper limit on investment authorized by investment commission, MOEA (3)
614 (US$20 thousand)	183,617 (US$ 5,981 thousand) (5)	1,921,756

(1) Methods of investment:
 (a) Remit through third area to invest in China.
 (b) Through the company set up in third area and then reinvest in China.
 (c) Other method.

(2)Investment profit and loss were recognized based on the audited financial statements and shareholding ratio.
(3)Calculated based on 60% of net equity value of the Corporation.
(4)Converted at the exchange rate on December 31, 2022.
(5)The investment income and loss of ownership from the sale and repatriation of the previous year have not been deducted from the approved investment amount without applying for a deduction of the mainland investment amount

Mayer Steel Pipe Corporation and subsidiaries

Information on major shareholders

December 31, 2022

Table 8

Name of major shareholders	Shareholding	
	Shares held (thousand shares)	Percentage (%)
Yuan Chuan Steel Corporation	36,962	16.61
Tze Shin International Co., Ltd.	20,080	9.02
Miramar Hotel Taipei Co., Ltd.	15,562	6.99
Sian Da Investment Co., Ltd.	12,176	5.47

Note 1: Taiwan Depository & Clearing Corporation calculates the information of the shareholders holding 5% or more of the Company's non-physical common shares and special shares which have been registered in dematerialized form (including treasury shares) based on the last business day of every quarter. The stock recorded in the Company's financial statements may differs from the shares which have been registered in dematerialized form because of different basis of preparation.

Note 2: If the shareholders deliver shareholdings to the trust, the above information shows the trustor's separate account opened by the trustee. As to insiders' equity declaration of shareholdings over 10% under securities trading laws, the shareholders' shareholdings include their own shareholdings and shares delivered to the trust with the right to decide how to use the trust property. For information related to insiders' equity declaration, please refer to the Market Observation Post System.

INDEPENDENT AUDITORS’ REPORT

The Board of Directors and Shareholders
Mayer Steel Pipe Corporation

Opinion

We have audited the accompanying parent company only financial statements of Mayer Steel Pipe Corporation (the “Company”), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related 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 accompanying parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of opinion

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

Key Audit Matters

Crowe

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, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters from the Company's parent company only financial statements for the year ended December 31, 2022 are stated as follows:

Valuation of inventory

As of December 31, 2022, the inventory - manufacturing net amount of the Company is NT$1,063,353 thousand (after deducting allowance for inventory valuation, obsolescence losses, and idled losses of NT$48,092 thousand). Please refer to Notes 5 and 6 (7) for the financial statements. The inventory valuation of the Company are affected by international steel price and market fluctuations, possibly resulting in slow-moving inventory and subsequent obsolescence losses. The Company's accounting policies for reporting allowance for inventory valuation and obsolescence losses are based on information on the age of inventory, which comes from management's evaluation of the expected net realizable value of each product based on inventory sales and purchase price to determine the value of normal quality inventory by the lower cost and net realizable value and report allowances for valuation loss. Because such evaluation involves major judgments from management and the inventory's book value is such a major part of financial statements, we have listed inventory valuation as a key audit matters. Our primary auditing procedure for the aforementioned item is as follows:

5. Understand and evaluate the design and effectiveness of the Company's internal inventory control system, including the accuracy of reported age of inventory.
6. Evaluate the age of inventory at the end of the year and take samples to verify the accuracy of reported age of inventory.
7. Verify that basic assumptions made in the calculation of net realizable values are sound.

8. Conduct inventory sampling at the end of the year to confirm and evaluate whether the inventory is out of date or damaged.

Valuation of financial assets

As of December 31, 2022, the Company’ s non-current financial assets at fair value through profit or loss, non-current financial assets at fair value through other comprehensive income, and net investment accounted under the equity method totals NT$1,924,794 thousand. Please refer to Notes 5 and 6 (2), (3), and (11). The Company assess their fair value and report their financial asset (losses) income at fair value, unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income, and shares of income of affiliated companies and joint ventures accounted under the equity method. These assessments are made by management based on assessment reports by professional appraisal companies and the net equity value and current gains/losses of affiliated companies. The management evaluates increases and decreases in book value to recognize the shares of investees’ income, then evaluate whether there are any objective evidence of impairment to determine any impairment amount. Because book value is significant to the parent company only financial statements, we have listed non-current financial asset at fair value through other comprehensive income, non-current financial assets at fair value through other comprehensive income, and net investment amount recognized under the equity method as key audit matters. Our primary auditing procedure for the aforementioned item is as follows:

4. Obtain professional appraisal report of the Company’ s non-current financial assets at fair value through other comprehensive income, non-current financial assets at fair value through other comprehensive income, as well as the most recent comparable financial statements provided by affiliate companies to verify the soundness of how the fair value is determined.

5. Verify the accuracy of reported financial assets at fair value through profit or loss, unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income, and shares of profits and losses of affiliated companies and joint ventures recognized under the equity method.
6. Make adjustments to the financial statements of affiliated companies based on auditing results so that the financial statements comply with the requirements and presentations of the IFRS, IAS, IFRIC, and SIC approved by Financial Supervisory Commission.

Other Matters

We did not audit the financial statements of certain companies in which the Company has investments accounted for using the equity method. Those financial statements were audited by other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included based solely on the reports of Investments in these associates amounted to NT$387,506 thousand and NT$370,500 thousand, representing 6% and 5% of the total assets as of December 31, 2022 and 2021 respectively, and the share of profit of these associates accounted for using equity method amounted to NT$71,624 thousand and NT$78,267 thousand, representing 22% and 9% of total income before income tax for the years then ended, respectively. In addition, the share of other comprehensive income of these associates accounted for using equity method amounted to NT$ 14,822 thousand and NT$ (3,556) thousand, representing 19% and (4%) of total comprehensive income for the years then ended, respectively.

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

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

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

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

Auditor' s 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

7. Identify and assess the risks of material misstatements of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is

higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

8. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company 's internal control.
9. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
10. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company 's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
11. Evaluate the overall presentation, structure, and content of the parent company only financial statements, including the disclosures, and whether the the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our auditor opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethica1 requirements regarding independence, and to communicate with them all re1ationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chun-Chih Lin and Meng-Ta Wu.

Crowe (TW) CPAs
Taipei, Taiwan (Republic of China)

March 13, 2023

Notice to Readers

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

Mayer Steel Pipe Corporation

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

	December 31, 2022			December 31, 2021		
Assets		Amount	%		Amount	%
Current assets：						
Cash and cash equivalents (Note 6)	$	517,629	8	$	468,053	6
Financial assets at fair value through profit or loss-current (Note 6)		27,336	-		65,875	1
Financial assets at fair value through other comprehensive income-current (Note 6)		9,720	-		48,080	1
Notes receivable, net (Note 6)		68,417	1		91,930	1
Accounts receivable, net (Note 6)		413,961	6		367,704	5
Accounts receivable from related parties, net (Note 6 and 7)		14,264	-		37,065	-
Finance lease receivable, net (Note 6 and 8)		1,118	-		1,068	-
Other receivables (Note 6)		140,857	2		116,895	2
Other receivables from related parties (Note 7)		-	-		10	-
Inventories (manufacturing business) (Note 6)		1,063,353	16		1,724,201	23
Inventories (for construction business) (Note 6,7 and 8)		421,258	6		247,417	3
Prepayments (Note 6)		132,547	2		143,013	2
Other current assets (Note 6 and 8)		520,748	8		836,728	11
Total current assets		3,331,208	49		4,148,039	55
Non-current assets：						
Financial assets at fair value through profit or loss-non-current (Note 6)		310,522	5		447,909	6
Financial assets at fair value through other comprehensive income-non-current (Note 6)		77,100	1		91,799	1
Investments accounted for using equity method (Note 6 and 7)		1,537,172	23		1,560,913	21
Property, plant and equipment (Note 6 and 8)		845,135	12		810,330	11
Right-of-use assets (Note 6)		33,740	1		41,969	1
Investment property (Note 6 and 8)		144,702	2		147,635	2
Intangible assets		6,082	-		937	-
Deferred tax assets (Note 6)		21,733	-		8,946	-
Other non-current assets (Note 6, 7, 8 and 9)		486,707	7		226,096	3
Total non-current assets		3,462,893	51		3,336,534	45
Total assets	$	6,794,101	100	$	7,484,573	100
Liabilities and equity						
Current liabilities：						
Short-term loans (Note 6 and 8)	$	2,534,979	37	$	2,633,443	35
Short-term notes and bills payable (Note 6 and 8)		36,985	1		29,958	-
Contract liabilities-current (Note 6 and 7)		74,827	1		60,687	1
Notes payable		257,552	4		346,901	5
Accounts payable		23,736	-		63,508	1
Accounts payable to related parties (Note 7)		120	-		126	-
Other payables		112,882	2		178,054	2
Current tax liabilities		132,438	2		121,626	2
Lease liabilities-current (Note 6)		14,988	-		14,379	-
Long-term liabilities, current portion (Note 6 and 8)		2,755	-		2,750	-
Other current liabilities, others		7,198	-		7,090	-
Total current liabilities		3,198,460	47		3,458,522	46
Non-current liabilities：						
Long-term loans (Note 6 and 8)		17,417	-		20,152	-
Provisions-non-current (Note 6 and 9)		34,191	1		38,664	1
Current tax liabilities, non-current (Note 6)		53,542	1		37,253	1
Deferred income tax liabilities (Note 6)		178,779	3		170,279	2
Lease liabilities-non-current (Note 6)		19,172	-		27,940	-
Net defined benefit liability, non-current(Note 6)		592	-		29,209	1
Other non-current liabilities, others(Note 6)		89,021	1		81,742	1
Total non-current liabilities		392,714	6		405,239	6
Total liabilities		3,591,174	53		3,863,761	52
Equity：						
Capital stock (Note 6)		2,225,261	33		2,225,261	30
Capital surplus(Note 6)		281,622	4		281,622	4
Retained earnings(Note 6)						
Legal reserve		311,875	4		236,689	3
Special reserve		102,504	2		179,392	2
Unappropriated retained earnings		272,908	4		768,342	10
Total retained earnings		687,287	10		1,184,423	15
Other equity interest(Note 6)		8,757	-	(	70,494)	(1)
Total equity		3,202,927	47		3,620,812	48
Total liabilities and equity	$	6,794,101	100	$	7,484,573	100

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

Mayer Steel Pipe Corporation

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Operating revenue (Note 6 and 7)	$ 6,234,974	100	$ 6,199,234	100
Operating costs (Note 6)	(5,841,941)	(94)	(5,389,193)	(87)
Gross profit from operations	393,033	6	810,041	13
Unrealized profit (loss) from sales	(2,337)	-	(2,040)	-
Realized profit (loss) on from sales	2,039	-	1,143	-
Gross profit from operations	392,735	6	809,144	13
Operating expenses (Note 6 and 7)				
Selling expenses	(81,153)	(1)	(91,108)	(1)
Administrative expenses	(137,664)	(2)	(180,729)	(3)
Expected credit loss (reversal)	61,161	1	588	-
Total operating expenses	(157,656)	(2)	(271,249)	(4)
Net operating income	235,079	4	537,895	9
Non-operating income and expenses				
Interest income (Note 6)	69,602	1	14,064	1
Other income (Note 6 and 7)	155,772	3	50,575	1
Other gains and losses, net (Note 6)	(168,341)	(3)	249,946	4
Finance costs, net (Note 6)	(42,083)	(1)	(33,663)	(1)
Share of profits of subsidiaries and associates (Note 6)	81,161	1	75,697	1
Total non-operating income and expenses	96,111	1	356,619	6
Profit (loss) from continuing operations before tax	331,190	5	894,514	15
Income tax expense (Note 6)	(64,558)	(1)	(111,605)	(2)
Net Income	266,632	4	782,909	13
Other comprehensive income (loss)				
Remeasurement of defined benefit obligation (Note 6)	(2,340)	-	(13,445)	-
Unrealised gains (losses) on investments in equity instruments at fair value through other comprehensive income (Note 6)	54,834	1	135,678	2
Share of other comprehensive gain (loss) of subsidiaries and associates —Items that will not be reclassified to profit or loss (Note 6)	(7,464)	-	(245)	-
Items that will not be reclassified to profit or loss	45,030	1	121,988	2
Share of other comprehensive gain (loss) of subsidiaries and associates —Items that may be reclassified subsequently to profit or loss（Note6）	40,171	1	(31,340)	(1)
Other comprehensive loss for the year, net of income tax (Note 6)	(8,034)	-	6,269	-
Items that will be reclassified to profit or loss	32,137	1	(25,071)	(1)
Other comprehensive income, net	77,167	2	96,917	1
Total comprehensive income	$ 343,799	6	$ 879,826	14
Basic earnings per share (Note 6)	$ 1.20		$ 3.52	

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

Mayer Steel Pipe Corporation

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

			Retained Earnings				Others			
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Totel	Foreign Currency Translation Reserve	Unrealized Gain(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total Equity
Balance, January 1, 2021	$ 2,225,261	$ 281,622	$ 197,832	$ 208,224	$ 404,805	$ 810,861	$ (24,706)	$ (154,686)	$ (179,392)	$ 3,138,352
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	38,857	-	(38,857)	-	-	-	-	-
Cash dividends	-	-	-	-	(378,294)	(378,294)	-	-	-	(378,294)
Reversal of special reserve	-	-	-	(28,832)	28,832	-	-	-	-	-
Net income in 2021	-	-	-	-	782,909	782,909	-	-	-	782,909
Other comprehensive income (loss) in 2020, net of income tax	-	-	-	-	(13,445)	(13,445)	(25,071)	135,433	110,362	96,917
Total comprehensive income (loss) in 2021	-	-	-	-	769,464	769,464	(25,071)	135,433	110,362	879,826
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(17,608)	(17,608)	-	(1,464)	(1,464)	(19,072)
Balance, December 31, 2021	2,225,261	281,622	236,689	179,392	768,342	1,184,423	(49,777)	(20,717)	(70,494)	3,620,812
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	75,186	-	(75,186)	-	-	-	-	-
Cash dividends	-	-	-	-	(667,578)	(667,578)	-	-	-	(667,578)
Reversal of special reserve	-	-	-	(76,888)	76,888	-	-	-	-	-
Net income in 2022	-	-	-	-	266,632	266,632	-	-	-	266,632
Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	(2,340)	(2,340)	32,137	47,370	79,507	77,167
Total comprehensive income (loss) in 2022	-	-	-	-	264,292	264,292	32,137	47,370	79,507	343,799
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(93,850)	(93,850)	-	(256)	(256)	(94,106)
Balance, December 31, 2022	$ 2,225,261	$ 281,622	$ 311,875	$ 102,504	$ 272,908	$ 687,287	$ (17,640)	$ 26,397	$ 8,757	$ 3,202,927

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

Mayer Steel Pipe Corporation

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities		
Profit (loss) before tax	$ 331,190	$ 894,514
Adjustments：		
Adjustments to reconcile profit (loss)		
Depreciation expense	70,638	67,723
Amortization expense	8,345	6,347
Expected credit loss (gain)	(61,161)	(588)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	300,619	(151,996)
Interest expense	42,083	33,663
Interest income	(69,602)	(14,064)
Dividend income	(35,300)	(37,990)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(81,161)	(75,697)
Loss (gain) on disposal of property, plan and equipment	1,320	387
Loss (gain) on disposal of investments	(122,651)	(109,167)
Total adjustments to reconcile profit (loss)	53,128	(281,382)
Changes in operating assets and liabilities		
Financial assets mandatorily measured at fair value through profit or loss	232,388	198,852
Notes receivable	23,513	821
Accounts receivable	(46,461)	55,740
Accounts receivable from related parties	22,801	(28,681)
Other receivable	56,668	(39,631)
Other receivable from related parties	10	(10)
Inventories	487,007	(818,036)
Prepayments	10,466	(38,134)
Other current assets	4,109	(87,351)
Total changes in operating assets	790,501	(756,430)
Contract liabilities	14,140	58,226
Notes payable	(89,349)	117,997
Accounts payable	(39,772)	(1,237)
Accounts payable to related parties	(6)	6
Other payable	(65,636)	56,053
Provisions	(4,473)	(3,082)
Other current liabilities	108	477
Net defined benefit liability	(30,957)	(7,138)
Total changes in operating liabilities	(215,945)	221,302
Total changes in operating assets and liabilities	574,556	(535,128)
Total adjustments	627,684	(816,510)
Cash inflow (outflow) generated from operations	958,874	78,004
Interest received	50,337	5,276
Dividends received	195,190	172,672
Interest paid	(40,819)	(31,055)
Income taxes refund (paid)	(49,777)	(37,087)
Net cash generated by (used in) operating activities	1,113,805	187,810

(Cotinued)

	2022	2021
Cash flows from investing activities：		
Acquisition of financial assets at fair value through other comprehensive income	-	(13,073)
Proceeds from disposal of financial assets at fair value through other comprehensive income	80,819	174,617
Proceeds from return of capital of financial assets at fair value through other comprehensive income	10,407	24,977
Acquisition of investments accounted for using equity method	(30,000)	(204,600)
Proceeds from capital reduction of investments accounted for using equity method	15,000	10,000
Acquisition of property, plant and equipment	(88,456)	(61,671)
Proceeds from disposal of property, plant and equipment	403	-
Increase in refundable deposits	(258,071)	(2,678)
Acquisition of intangible assets	(5,837)	(889)
Decrease in long-term lease and installment receivables	805	513
Increase in other non-current assets	(11,447)	(5,026)
Decrease in prepayments for business facilities	399	(32,954)
Other investing activities	298	(609)
Net cash generated by (used in) investing activities	(285,680)	(111,393)
Cash flows from financing activities：		
Increase in short-term loans	-	673,536
Decrease in short-term loans	(98,464)	-
Increase in short-term notes and bills payable	7,027	-
Decrease in short-term notes and bills payable	-	(34)
Repayments of long-term loans	(2,730)	(52,244)
Increase in guarantee deposits received	-	-
Decrease in guarantee deposits received	(300)	(7,780)
Payments of the principal portion of lease liabilities	(16,504)	(16,105)
Cash dividends paid	(667,578)	(378,294)
Net cash generated by (used in) financing activities	(778,549)	219,079
Effect of exchange rate changes on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	49,576	295,496
Cash and cash equivalents, beginning of year	468,053	172,557
Cash and cash equivalents, end of year	$ 517,629	$ 468,053

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

Mayer Steel Pipe Corporation

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

15. GENERAL INFORMATION

Mayer Steel Pipe Corporation (hereby referred to as "The Company"), was founded in September 1959 in compliance with the Company Act of the Republic of China and registered in Taipei City. The Company is the first professional steel pipe manufacturer in Taiwan. The primary business of the Company and its entities is to specialize in the production and sales of black steel pipes, galvanized steel pipes and stainless-steel coils for pipes. The Company was also awarded the CNS Mark certificate by the Bureau of Standards, Metrology, and Inspection of the Ministry of Economic Affairs for "black welded steel pipes for low pressure use, zinc-coated welded steel pipes for low pressure use, carbon steel pipes for general structures, carbon steel pipes for machine structures, and electrical metallic tubing". In order to expand diversified operations, the Company established its construction department in 2003 and purchased land to build public housing in independent or joint construction projects.

The Company's shares were approved for public offering in August 1990 by the Securities and Futures Commission of the Ministry of Finance (now the Securities and Futures Bureau of the Financial Supervisory Commission, Executive Yuan), approved for listed on February 4, 1993, and officially listed for trading on April 27, 1993.

16. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying parent company only financial statements were approved and authorized for issue by the Board of Directors on March 13, 2023.

17. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

甲、 Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations

(IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

New standards, interpretations and amendments endorsed by the FSC and effective from 2022 are as follows:

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

The Company assesses the application of the above standards, amendments and interpretations have not material impact on the Company's financial position and financial performance.

乙、 The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by FSC with effective date starting 2023

New standards, interpretations and amendments endorsed by the FSC and effective from 2023 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosures of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2023.

Note 2: These amendments apply to changes in accounting estimates and changes in accounting policies that occur during annual reporting periods beginning on or after January 1, 2023.

Note 3: An entity shall apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred taxes for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

(1) Amendments to IAS 1 "Disclosures of Accounting Policies"

The amendments clarify that an entity shall disclose its material significant accounting policy information if the transaction, other event or condition to which the accounting policy information relates is material in size or nature, or a combination of both, and the accounting policy information that relates to a material transaction, other event or condition is also material to the financial statements. On the other hand, if the transaction, other event or condition to which the accounting policy information relates is immaterial in size or nature, an entity needs not to disclosure the accounting policy information that relates to the immaterial transaction, other event or condition. Additionally, Immaterial accounting policy information that relates to material transactions, other events or conditions need not be disclosed, either. However, an entity's conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other IFRS Standards.

(2) Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty and clarify that a change in measurement techniques or inputs used to develop an accounting estimate is a change in accounting estimates unless the change is due to an error from prior periods.

(3) Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

The amendments narrow the exemption extent in paragraphs 15 and 24 of IAS 12 for an entity from recognizing a deferred tax asset or liability in particular circumstances. In particular, the exemption does not apply to a transaction that gives rise to equal taxable and deductible difference at the time of the transaction. At the initial application of the amendments, an entity shall, at the beginning of the earliest comparative period presented, recognise deferred taxes for all deductible and taxable temporary differences associated with (i) lease and (ii) decommissioning liabilities and recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. An entity shall also apply the amendments transactions that occur on or after the beginning of the earliest comparative period presented. When initially applying the amendments, the information for comparable periods shall be restated.

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

丙、 The IFRSs issued by IASB but not yet endorsed and issued into effect by FSC

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IRFS 17	January 1, 2023
Amendments to IRFS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

As of the date the accompanying consolidated financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

18. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the parent company only financial statements are described as follows. These policies have been consistently applied to all the periods presented unless otherwise stated.

(1) Statement of Compliance

The accompanying parent company only financial report have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuer.

(2) Basis of Preparation

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

E. The preparation of financial statements in compliance with IFRSs as endorsed by the FSC requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign Currency Translation

D. The parent company only financial statements are presented in New Taiwan Dollars, which is the Company' s functional and presentaion currency.

E. In preparing the parent company only financial statements, transactions in currencies other than the functional currency of the entity (foreign currency) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange difference on monetary items are recognized as the period' s profit or loss. Non-monetary items measured at fair value that are denominated in foreign currency are retranslated at the rates prevailing at the date when the fair value was determined. Exchange difference arising on the are retranslation of non-monetary items are included in profit of loss for the year except for exchange difference arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange difference are also recognized directly in other comprehensive income. Non-monetary items that are measured by historical cost in a foreign currency are not retranslated.

F. In preparation of the parent company only financial statements, the assets and liabilities of foreign operations are translated to NTD using the exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated at the average exchange rate for the period. Exchange difference are recognized in other comprehensive income and accumulated in equity attributed to the owners.(and appropriately allocated to non-controlling interests).

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets.

(a)Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b)Assets held mainly for trading purposes;

(c)Assets that are expected to be realized within 12 months after the balance sheet date; or (d)Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.

Assets that meet none of the above criteria are classified by the Company as noncurrent assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities.

(a)Liabilities that are expected to be settled within the normal operating cycle;

(b)Liabilities held mainly for trading purposes;

(c)Liabilities that are to be settled within 12 months after the balance sheet date;

(d)Liabilities for which the repayment date cannot be extended unconditionally

to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Liabilities that meet none of the above criteria are classified by the Company as non-current liabilities.

(5) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, cash in banks, and short-term and highly liquid time deposits and investments that can be converted into imprest cash at any time with little risk of changing value. Such cash and cash equivalents are used to meet short-term cash commitments.

(6) Financial Instruments

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

In the initial recognition of financial assets and financial liabilities, if financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit and loss are immediately recognized as profit and loss.

Financial Assets

D. Category of financial assets and measurement

Regular transaction of financial assets are recognized on the day of transaction.

Financial assets transactions on a regular way purchase or sale are recognized and derecognized using trade date accounting.

The Company has held categories of financial assets are including financial assets at fair value through profit or loss, financial assets at amortized cost and equity instrument at fair value through other comprehensive income.

(d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss and financial assets designated to be measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include equity instrument investments that the Company did not designate to be measured at fair value, or investment in debt instruments that cannot be classified as either measured at cost after amortization or measured at fair value through other comprehensive gains and losses.

Financial assets at fair value through profit or loss are recognized at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss. These profit or loss incorporates any dividends or interests.For the method of determining fair value, please refer to Note 12 (2).

(e) Financial assets at amortized cost

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

iii. The financial asset are held under certain business models with the purpose of holding financial assets to collect contractual flows, and

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

After initial recognition, financial assets at amortized cost are measured by the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

With exception to the following two conditions, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asse:

iii. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and

iv. Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

(f) Equity instrument at fair value through other comprehensive income

On initial recognition, the Company may irrevocably designate investments in equity investments that are not held for trading as at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value. Subsequent changes in fair value are reported in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments measured at fair value through other comprehensive income are recognized in profit and loss when the Company’ s right to receive the dividends is established, unless the dividends clearly represent partial recovery of the investment cost.

E. Impairment of financial assets

The Company recognizes a loss allowance for financial assets (including accounts receivable) at amortized cost based on expected credit loss assessment at the end of the reporting period, investment in debt instruments measured at fair value through other comprehensive income , finance lease receivables, or contract assets.

Accounts receivable, contract assets and financial lease receivables are all recognized as allowance for loss based on expected credit losses of the duration. Other financial assets are first assessed to determine whether there has been significant increases to credit risk since the initial recognition. If there has been no significant increase, the 12-month expected credit loss is recognized as allowance of loss. If there has been significant increase, then the duration expected credit loss is recognized as allowance for loss.

Expected credit loss is the weighted average credit loss based on default risk. 12-month expected credit loss refers to expected credit losses arising from possible defaults of financial instruments within 12 months after the reporting date. Duration expected credit loss refers to expected credit losses arising from possible defaults during the expected duration of a financial instrument.

The impairment loss of all financial assets reduces carrying amount by the allowance account, with exception to the allowance of loss of debt instrument investments measured at fair value through other comprehensive income, which is recognized as other comprehensive income and dose not reduce the carring amount of the financial asset.

F. Derecognition of financial assets

The Company only derecognizes financial assets when the contractual rights to the cash flows from the financial assets expire, or when financial assets have been transferred and almost all the risks and rewards of the ownership of the assets have been transferred to other entity.

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

Equity Instruments

An equity instrument refers to any contract that recognizes the remaining equity of the Company after deducting all liabilities from its assets. The equity instruments issued by the Company are recognized at the amount obtained after deducting direct issuance costs.

Retrieving the company’s own equity instruments is recognized and deducted under equity. The purchase, sale, issuance, or cancellation of the company's own equity instruments are not recognized in profit or loss.

Financial Liabilities

C. Subsequent assessments

Except for the following conditions, subsequent assessments of financial liabilities are made based on amortized cost calculated by effective interest method or measured at fair value through profit and loss.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and designated to be measured at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are measured at fair value. Any benefits or losses resulting from reassessments are recognized as profit or loss.

Financial liabilities not held for trading nor designated to be measured at fair value through profit or loss are measured at amortized cost at the end of the subsequent reporting period.

D. Derecognition of financial liabilities

The Company only derecognizes financial liabilities when obligations are discharged, cancelled or expired. In derecognizing financial liabilities, the difference between the carrying amount and the total consideration paid and payable is recognized as profit or loss.

(7) Inventories – Manufacturing Business

Inventories include raw materials, materials, finished products, and works in progress. Acquisition cost is used as the accounting basis for inventories, and costs are calculated through weighted average. Inventory is measured by cost or net realizable value, depending on which is lower. Cost and net realizable value are compared based on individual items unless the inventories are of the same category. Net realizable value refers to estimated selling price under normal circumstances after subtracting the estimated costs and sales expenses that need to be invested to complete the project. Inventory write-downs and unallocated fixed expenses when actual production is lower than normal production capacity are transferred to the current cost of goods sold.

(8) Inventories (for Construction Business)

Inventories include properties for sale, properties under construction, and prepaid land payments. Inventories are recorded based on acquisition cost, and construction profit and loss is recognized according to the completed contract method. Prepaid land payments are transferred under construction land after the Company obtains ownership, then transferred once again under construction site when active development begins. Relevant interests are capitalized from the start of active development or construction work to project completion.

(9) Joint Agreement

Investment joint agreements are divided into joint operations and joint ventures based on contractual rights and obligations.

Joint Operations

Regarding equity in joint operations, the Company recognizes its direct rights (and their shares) in the assets, liabilities, income and expenses of the joint operation, which have been included under applicable items in the financial report.

(10) Investments Accounted for Using Equity Method

Investment in subsidiaries

A subsidiary is an entity that is controlled by the Company. According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss of the period and other comprehensive income presented in parent company only financial statements shall be the same as the allocations of profit or loss of the period and of other comprehensive income attributable to owners of the parent presented in the financial statements prepared on a consolidated basis, and the owners' equity presented in the parent company only financial statements shall be the same as the equity attributable to owners of the parent presented in the financial statements prepared on a consolidated basis.

The Company’s share of profits or losses after the acquisition of associates is recognized in profit or loss, and its share of other comprehensive income after acquisition is recognized in other comprehensive income. If the Company’s share of loss in a subsidiary exceeds its share of equity in such a subsidiary, the Company continues to recognize losses in its shareholding percentage.

If a change in shareholding in a subsidiary does not result in a loss of control (i.e. transactions with non-controlling interests), such a change is accounted for as an equity transaction, that is, a transaction with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

When the Company loses control of a subsidiary, any retained investment of the former subsidiary is measured at the fair value at that date. A gain or loss is recognized in profit or loss and calculated as the difference between (a) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and (b) the previous carrying amount of the investments in such subsidiary. In addition, the Company shall account for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the subsidiary had directly disposed of the related assets and liabilities.

When the Company transacts with its subsidiaries, profits and losses resulting from the transactions with the subsidiaries are recognized in the Company’s parent company only financial statements only to the extent of interests in the subsidiaries that are not owned by the Company.

Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor a joint venture. Significant influence refers to the power to participate in but not control nor jointly control financial and operating policy decisions of the investee company. The Company adopts the equity method in handling investments in associates. Under the equity method, investment in associates are initially recognized at cost. After the date of acquisition, the carrying amount is increased or decreased in accordance with the share of profits and losses of associates and other comprehensive income enjoyed by the Company and profit distribution. In addition, changes in the equity of associates are recognized based on the ownership percentage.

If the Company does not subscribe or acquire new shares issued by associates according to its ownership percentage, resulting in changes to the ownership percentage, thus causing increases or decreases in the net equity value of the investment, the increase or decrease is adjusted to the “capital surplus” and “investments accounted for using equity method”. However, if not subscribe or acquire new shares according to ownership percentage resulted in a decrease in the Company’s ownership interest in the associates, the amount recognized in the other comprehensive income related to the associates shall be reclassified according to the reduction percentage. The basis of this accounting process is the same as the associates must follow if they directly dispose of relevant assets or liabilities. If the former adjustment must be debited to additional paid-in capital, but the paid-in capital generated by investments using the equity method is insufficient, the difference will be debited to retained earnings.

The Company will cease to recognize further losses if the Company's share of losses in an associates equals or exceeds its equity in the associates. The Company only recognizes additional losses and liabilities within the scope of legal obligations, constructive obligations, or payments made on behalf of associates.

If the acquisition cost exceeds the Company’s share of the net fair value of the associates’s identifiable assets and liabilities on the date of acquisition, the exceeded amount is listed as goodwill. This goodwill is included in the carrying amount of the investment and cannot be amortized. If the Company’s share of the net fair value of the associates’s identifiable assets and liabilities on the date of acquisition exceeds the acquisition cost, the difference is listed as current income.

When assessing impairment, the Company treats the overall book value of the investment (including goodwill) as a single asset and compares the recoverable amount (value in use or fair value minus sales costs, whichever is higher) with the book value to test for impairment. The recognized impairment loss is also part of the book value of the investment. Any reversal of impairment losses shall be recognized within the scope of the subsequent increase in the recoverable amount of the investment.

The Company will cease to adopt the equity method from the date it ceases to be a significant influence over an associate. It will then measure its remaining investments in the former associates at fair value. The fair value of remaining investments and the difference between any disposition price and the book value of the investment on the day the Company ceases to be a significant influence shall be included in the current profit and loss. In addition, the accounting basis for amounts recognized in other comprehensive income related to said associates is the same as the basis that the associates must follow if it directly disposes of relevant assets or liabilities.

Gains and losses resulting from upstream, downstream, and sidestream transactions between the Company and its associates are only recognized in the the parent company only financial statement to the extent that they are unrelated to the Company's equity in the associates.

(11) Property, Plants and Equipment

Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. For property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.

Subsequent costs are included in the asset' s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance expenses are recognized in profit or loss as incurred.

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

Buildings and structures	3 to 46 years
Machinery and equipment	3 to 15 years
Transportation equipment	2 to 15 years
Other equipment	3 to 15 years
Leasehold improvements	3 to 5 years

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

(12) Leases

The Company assesses whether a contract belongs to (or includes) a lease on the day the contract is established. For contracts with a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to the lease components based on the relative stand-alone price of each lease component and the aggregate stand-alone price of non-lease components.

C. The Company as leasee

Except from recognizing short-term and low-value leases on a straight-line bases, the Company recognizes right-of-use assets and lease liability for all arrangements in which it is a lessee.

(c) Right-of-use assets

Right-of-use assets are initially measured at cost (including the amount of the initial measurement of the corresponding lease liability, lease payment made prior to the commencement date of the lease minus lease incentives received, initial direct costs, and the estimated cost of restoring the underlying asset). Subsequent measurements are based on cost minus accumulated depreciation and impairment, adjusted by the re-measurement of lease liability.

With exception to right-of-use assets that can be defined as investment properties, right-of-use assets are reported in balance sheets as line items.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease over the shorter of the useful life of the right-of-use asset or the end of the lease term. However, if ownership of an underlying asset will be obtained by the Company at the end of the lease term, or if the cost of a right-of-use asset reflects the exercise of the purchase option, the asset is depreciated from the commencement date of the lease to the end of the underlying asset' s useful life.

(d) Lease liabilities

Lease liabilities are initially measured at the present value of lease payments (including fixed payment, substantive fixed payment and deduction of lease incentives). If the interest rate implicit in the lease is readily determinable, then lease payments are discounted using the interest rate. If the interest rate implicit in the lease is not readily determinable, the incremental borrowing rate of the leasee will be used instead.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expenses are amortized during the lease term. During the lease term, if evaluation of the purchasing options of the underlying asset, amounts expected to be paid under residual value guarantees, or variable lease payments that depend on an index or a rate causes a change in future lease payments, the Company will remeasures the lease liability and make corresponding adjustments to right-of-use assets. However, if the book value of right-of-use assets has been reduced to zero, the remaining re-measurement amount will be recognized in profit and loss. Lease liabilities are presented on a separate line in the balance sheets.

D. The Company as the lessor

Leases that transfer substantially all risks and rewards incidental to the underlying asset are categorized as finance leases. Otherwise, they are categorized as operating leases.

When a lease includes land and building components, the Company assesses each component to categorize them as wither a finance lease or operating lease and allocate lease payments (including any one-off front-end payments) between the land and buildings in proportion to their fair values at the commencement date of the contract. If lease payments cannot be reliably allocated to these two components, then the overall lease is categorized as a finance lease. However, if these two components are clearly in line with operating lease standards, then the overall lease is categorized as an operating lease.

When subleasing right-of-use assets, the Company uses right-of-use assets (instead of underlying assets) to determine the classification of the sublease. However, if the main lease is a short-term lease for which the recognition exemption applies to the Company, the sublease is classified as an operating lease.

Under finance leases, lease payment includes both fixed payments (including in-substance fixed payments) and variable lease payments that depend on an index or rate. Net lease investment is the sum of the present value of both the lease receivable and the unguaranteed residual value plus the original direct cost that is expressed as the financial lease receivable. The Company allocates finance income over the lease term on a systematic and rational basis to reflect the constant periodic rate of return on the Company's net investment in the lease.

Under operating leases, lease payments after deducting lease incentives are recognized on a straight-line basis. Lease negotiation with the leasee is accounted as a new lease from the effective date of the lease modification.

(13) Investment Property

Investment property refers to property held for the purpose of earning rent or capital appreciation or both. Investment property also includes land held for a currently undetermined future use. And right-of-use assets that meet the definition of investment property.

Investment property is initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The Company recognizes depreciation on a straight line basis. In other words, the asset cost minus residual value is allocated over the useful life of the investment property.

Derecognize investment properties that disposed of or permanently withdrawn from use, or if the disposal of which can no longer be expected to generate future economic benefits. The amount of gains or losses resulting from the derecognition of investment properties is the difference between the net disposal price and the carrying amount of the assets in question and are recognized in that period’s profit or loss.

(14) Intangible Assets

Separately acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the estimated lives as follows: Computer software: 3 to 5 years. The estimated useful lives and amortization method are reviewed at the end of the reporting period, with prospective application for any impact of estimated changes.

Derecognize intangible assets that are disposed of or if the disposal or usage of which can no longer be expected to generate future economic benefits. The amount of gains or losses resulting from the derecognition of intangible assets is the difference between the net disposal price and the book value of the assets in question and are recognized in that period’s profit or loss.

(15) Impairment of Non-Financial Assets

The Company assesses at the end of each reporting period the recoverable amounts of those assets where there are any impairment indications. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. If there are no asset impairments recognized in the previous year, the amount can be reversed within the scope of losses recognized in the previous year.

(16) Provisions

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

(17) Employee Benefits

E. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for that service, and shall be recognized as expenses when the employees have rendered service.

F. Pensions

(c) Defined contribution plans

Under the defined contribution plan, the pension amount appropriated during the service years of the employees is recognized as the current pension cost.

(d) Defined benefit plans

The defined benefit cost of defined benefit plans (including the cost of service, net interest, and reevaluation) is calculated using the projected unit credit method. Cost of service and net defined benefit liability (asset) interest shall be recognized as employee benefit expenses at the time of realization. Reevaluation (including actuarial gains and losses, changes in the impact of asset limits, and planned asset returns after interest deduction) shall be recognized as other comprehensive income, reported as retained earnings at the time of realization, and not be reclassified as income in subsequent periods.

The net defined benefit liability (asset) is the amount short (remaining) in appropriation of the defined benefit retirement plan. Net defined benefit assets shall not exceed the refund of the appropriated fund or decrease the present value of appropriation of fund in the future.

G. Employees’ remuneration and directors' remuneration

Employees’ remuneration and directors’ remuneration are recognized as expense and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

H. Termination benefits

Termination benefits are benefits provided when an employee's employment is terminated before their normal retirement date or when the employee decides to accept the company's offer of benefits in exchange for termination of employment. The Company recognizes termination benefit liabilities when it can no longer withdraw termination benefit offers or recognize relevant restructuring costs (whichever is earlier).

(18) Revenue Recognition

D. Merchandise sales

Merchandise sales come from the sale of merchandise such as carbon steel and stainless steel. Merchandise sold by the Company is mainly recognized when customers obtain control of their promised assets, that is, when the Company fulfills its obligations by delivering the merchandise to the designated location. Payments received before the merchandise is delivered are recognized as contract liabilities.

When materials are sent in for processing, control and ownership of the processed product is not transferred, therefore material for processing is not recognized as revenues.

Merchandise sales is measured at fair value based on considerations receivable minus estimated returns, discounts, and other allowances. Based on experience, the Company considers different contract conditions to estimate possible sales returns and discounts, and recognizes refund liabilities (payable expenses and other current liabilities).

E. Sale of property and land

For real estate sales within the scope of normal business activity, a fixed transaction price is charged in installments and contract liabilities are recognized. After considering major financial components, revenue is recognized when the real estate sold is completed and delivered to the buyer.

F. Financial components

For contracts between the Company and the customer, if the time between the transfer of committed goods or service and payment from the customer exceed one year, the transaction price shall be adjusted to reflect the time value of money.

(19) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset until almost all necessary activities for the asset to reach its intended use or sale status have been completed.

Specific borrowings, such as income from temporary investments prior to qualifying capital expenditures, are deducted from borrowing costs that meet capitalization conditions.

Except for the above scenarios, all other borrowing costs are recognized as an expense for the period in which they occurred.

(20) Income Tax

Income tax expense is the sum of current income tax plus deferred income tax.

D. Current income tax

Current income tax liabilities are based on the taxable income of the current year. Because some income and expenses are taxable or deductible items in other years or non-taxable and non-deductible items according to relevant tax laws, the taxable income is not the same as the net profit reported in the consolidated comprehensive balance sheet. The current income tax-related liabilities of the Company are calculated based on the tax rate that has been legislated or has been substantively legislated at the balance sheet date.

Additional profit-seeking enterprise income tax on unappropriated retained earnings are listed as income tax expense of shareholders' resolution year according to the Income Tax Act.

Adjusted the income tax payable of the past year that recognize as current income tax.

E. Deferred income tax

Deferred income tax is recognized based on the temporary difference between the carrying amount of assets and liabilities in the the parent company only financial report and the tax basis for calculating taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when there is likely to be taxable income to deduct temporary differences, loss deductions or income tax deductions from expenditures such as research and development.

Deferred income tax liabilities are recognized for all taxable temporary differences related to the Company's subsidiaries, affiliated companies, and joint venture equities unless the Company can control the timing of reversal of temporary differences and the temporary differences are unlikely to be reversed in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments and equities are recognized within the scope of earnings that with sufficient taxable income to realize temporary differences and are expected to be reversed in the foreseeable future.

The book value of deferred income tax assets must be reviewed at the balance sheet date, and the book value of those that no longer have sufficient taxable income to recover all or part of the asset should be revised down. Assets originally not recognized as deferred income tax assets must also be reviewed at the balance sheet date, and the book value of those that have a high likelihood of producing enough taxable income to recover all or part of the asset should be revised up.

Deferred income tax assets and liabilities are measured in accordance with the expected liability liquidation or the tax rate in the period when the asset is realized. The tax rate is based on the tax rate and tax laws that are legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax effect resulting from the book amount of the assets and liabilities expected to be recovered or liquidated at the balance sheet date.

F. Current and deferred income tax

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive profit or loss or directly included in the equity, which are recognized in the other comprehensive profit or loss or directly included in the equity, respectively. If the current income tax or deferred income tax is generated from a business combination, the income tax effects are included in the accounting treatment of the business combination.

19. CRITICAL ACCOUNTING JUDGMENTS AND MAJOR SOURCES OF ESTIMATION AND ASSUMPTIONS

The Company takes into account the economic impact of 【the covid-19 pandemic / changes in climates and related governmental policies and regulations / the conflicts between Ukraine and Russia as well as related international sanctions / inflation and volatility in interest rate】 on significant accounting estimates and reviews the basic assumptions and estimation on an ongoing basis. If a change in accounting estimate affects only the current period, the effect is recognized in the current period. If a change in accounting estimate affects both current and future periods, the effects are recognized in both periods.

In preparing the parent company only financial report, the Company made the following critical judgements, critical accounting estimates, and assumptions:

(3) Critical Judgements In Applying Accounting Policies

D. Judgment of business model of financial asset classification

The Company evaluates the business model of financial assets based on the level of financial assets that are jointly managed to achieve a specific business purpose. Such evaluation calls for consideration of all relevant evidence, including asset performance assessment methods, risks affecting performance, and the salary determination method of relevant managers, as well as sound judgement. The Company continuously assesses whether its judgement on business models is appropriate. It also monitors the financial assets carried at amortized cost and investment in debts instruments at fair value through other comprehensive income to look into the reasons for its disposition and assess whether the disposition would be consistent with the business model's objectives. Whenever the business model was found to have changed, the Company reclassify financial assets according to the regulations of IFRS 9 and postpone application of the above to the day of the reclassification.

E. Revenue recognition

In accordance with IFRS 15, the Company determines whether it has obtained control of specific goods or services before transferring said goods or services to customers, and whether the Company is the principal or agent of said transactions. If determined to be the agent, the net transaction amount is recognized as income.

The Company is considered the principal in the following scenarios:

(d)If the Company obtains control of goods or other assets from another party before said goods or assets are transferred to the customer.

(e) If the Company controls the right to have another party provide labor services, so that it can arrange for the other party to provide services to the customer on behalf of the Company.

(f) If the Company obtains control of goods or services from another party to combine with other goods or services in order to provide customers with specific goods or services.

Indicators used to help determine whether the Company obtained control of goods or services before transferring said goods or services to the customer include (but are not limited to):

(d) Whether the Company is primarily responsible for fulfilling the commitment to provide specific goods or services.

(e) Whether the Company assumes inventory risk before and after specific goods and services are transferred to customers.

(f) Whether the Company has the discretion to set prices.

F. Lease terms

In determining the lease term, the Company takes into account all relevant facts and circumstances that might generate economic incentives to exercise (or not to exercise) the option, including all facts and circumstances from the start of the lease to the day when the option is exercised with expected changes. The main factors taken into account include the contract terms and conditions during the period covered within the option, significant lease interest improvements (or expected improvements) during the contract period, and the importance of the underlying assets to the lessee's operations. The lease term shall be reassessed if there are significant changes to major matters or circumstances within the control of the Company.

(4) Critical Accounting Estimates and Assumptions

I. Revenue recognition

Sales revenue is recognized when the control of goods or services is transferred to the customer to meet performance obligations. Estimated related sales returns, discounts and other similar discounts are deducted. These sales returns and discounts are estimated based on the Company’ s historical experience and other known reasons, and the Company regularly assesses how reasonable the estimates are.

J. Estimated impairment of financial assets

The impairment of accounts receivable and contract assets was estimated based on the Company's assumptions about the default rate and the expected loss rate. The Company took into account historical experience, current market conditions and forward-looking information to work out assumptions and select input values for impairment assessment.

K. Fair value measurement and evaluation process

Regarding the fair value of the level 3 equity assets, the Company adopts appropriate evaluation methods based on the nature of the investee, such as the financial status and operating results of the investee, the transaction price of similar instruments in the market, market conditions, and necessary discounts, to assess fair value. If the actual changes in future input values and expectations would differ, fair value changes might occur. The Company regularly updated each input value according to market conditions to monitor whether fair value measurement was appropriate.

L. Assessment on the impairment of tangible assets and intangible assets

In the process of asset impairment assessment, the Company needs to rely on subjective judgment, asset usage patterns, and industry characteristics to determine the independent cash flow of a particular asset Company, years of useful life, and future revenue and expenses that might cause significant impairment in the future due to changes in economic conditions or estimated changes to the Company’ s strategies.

M. Feasibility of deferred income tax assets

Deferred income tax assets are recognized when there is a possibility in the future that there would be sufficient taxable income to deduct temporary differences.

Assessing the feasibility of deferred income tax assets requires the management to make significant accounting judgments and estimations, including the estimation of future sales revenue growth and profit margins, tax exemption periods, available income tax deductions, and tax planning. Any changes in the global economic environment, industrial environment, or laws and regulations might cause significant adjustment of deferred income tax assets.

N. Evaluation of inventories

Inventory falling price loss is measured by cost or net realizable value, depending on which is lower. Cost and net realizable value are compared based on individual items unless the inventories are of the same category. In addition, obsolescence loss of inventories is evaluated based on inventory turnover and days sales of inventory.

O. Calculation of net defined benefit liabilities

Upon calculation of the present value of the benefit obligations, the Company must use judgments and estimates to determine the relevant actuarial hypotheses on the balance sheet date, including the discount rate and future salary growth rate. Any changes in actuarial assumptions could significantly affect the Company’s defined benefit obligations amount.

P. Lessee's incremental loan interest rate

When determining the lessees' incremental loan interest rate for discounting lease payments, the Company used the risk-free interest rate of the equivalent duration and currency as the reference interest rate, and takes the estimated credit risk discounts and lease specific adjustments of the lessee (such as asset characteristics and factors such as guarantees) into consideration.

20. DETAILS OF SIGNIFICANT ACCOUNTS

(32) Cash and Cash Equivalents

	2022.12.31	2021.12.31
Cash on hand and revolving fund	$ 219	$ 239
Bank Deposits	517,410	467,814
	$ 517,629	$ 468,053

C. The Company transacts with a variety of financial institutions with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

D. As of December 31, 2022 and 2021, the amount the Company provided in bank deposits and cash equivalents due to restrictions on their use and the amount pledged to financial institutions as collateral for loans under other financial assets are NT$111,057 thousand and NT$115,166 thousand, respectively, please refer to Note 8.

(33) Financial Assets at Fair Value Through Profit or Loss

		2022.12.31		2021.12.31
Financial Assets - Current				
Mandatorily measured at fair value through profit or loss				
Non-derivative financial assets				
Domestic listed stocks	$	20,282	$	59,407
Fund beneficiary certificate		7,054		6,468
	$	27,336	$	65,875
Financial Assets - Non-Current				
Mandatorily measured at fair value through profit or loss				
Non-derivative financial assets				
Domestic non-listed stocks	$	281,139	$	421,785
Foreign non-listed stocks		29,383		26,124
	$	310,522	$	447,909

C. The Company’ s investment in the above-mentioned investment targets are not for strategic investment purpose. The Company’ s management believes that the short-term fair value fluctuations of these investments should be included in the profit and loss, and chose to designate these investments to be mandatorily measured at fair value through profit and loss.

D. For matters pertaining to the Company’ s provision of financial assets at fair value through profit or loss as collateral for loans as of December 31 of ,2022 and 2021, please refer to Note 8.

(34) Financial Assets at Fair Value Through Other Comprehensive Income

		2022.12.31		2021.12.31
Current				
Equity Instruments				
Domestic listed stocks	$	7,423	$	82,785
Evaluation adjustment		2,297	(	34,705)
	$	9,720	$	48,080

Non-Current

	2022.12.31	2021.12.31
Equity Instruments		
Foreign non-listed stocks	$ 63,751	$ 74,158
Evaluation adjustment	13,349	17,641
	$ 77,100	$ 91,799

D. The Company invests in the above-mentioned investment targets based on mid- to long-term strategies and expects to profit from long-term investments. The Company's management believes that including short-term fair value fluctuations of these investments in the profit and loss is inconsistent with the above-mentioned long-term investment plan, and therefore chose to designate these investments to be measured at fair value through other comprehensive profit and loss.

E. In 2022 and 2021, the Company adjusted its investment position to diversify risks, selling some of its domestic listed stocks at fair value of NT$80,819 thousand and NT$174,617 thousand. The relevant "other equity - unrealized gains and losses from financial assets measured at fair value through other comprehensive income" of NT$ (93,850) thousand and NT$(19,114) thousand are transferred to "retained earnings".

F. For matters pertaining to the Company's provision of financial assets at fair value through other comprehensive profit or loss as collateral for loans as of December 31,2022 and 2021, please refer to Note 8.

(35) Notes Receivable, Net

	2022.12.31	2021.12.31
Notes receivable	$ 69,219	$ 92,995
Less: Allowance for impairment loss	(802)	(1,065)
	$ 68,417	$ 91,930

C. For disclosures related to the loss allowance on notes receivable please refer to the following accounts receivable.

D. As of December 31,2022 and 2021, none of the above notes receivable are restricted in use or pledged as collateral.

(36) Accounts Receivable, Net

	2022.12.31	2021.12.31
Accounts receivable	$ 418,182	$ 371,459

	2022.12.31	2021.12.31
Less: Allowance for impairment loss	(4,221)	(3,755)
Net accounts receivable - non-related parties	413,961	367,704
Accounts receivable - related parties	14,264	37,065
	$ 428,225	$ 404,769

The Company's average credit period of sales of goods is 30 to 120 days. Loss provisions refer to the estimated unrecoverable amount calculated based on the aging of accounts, historical experience and the customer's financial condition.

The Company adopted the simplified method of recognizing loss provisions based on expected credit loss in the duration. The expected credit loss in the duration takes customer's payment history into account. As the Company's historical experience of credit losses indicates that there is no significant difference in the loss patterns of different customer bases, the expected credit loss rate is determined only by the accounts receivable days past due.

The Company's loss provisions based on notes receivable an accounts receivable (excluding related parties) measured by the preparation matrix are as follows:

2022.12.31	Expected credit loss rate	Gross carrying amount	Loss allowance (expected credit loss in the duration)	Amortized cost
Not past due	0%-1%	$ 487,401	$ (5,023)	$ 482,378

2021.12.31	Expected credit loss rate	Gross carrying amount	Loss allowance (expected credit loss in the duration)	Amortized cost
Not past due	0%-1%	$ 464,454	$ (4,820)	$ 459,634

Movements of the loss allowance for accounts and notes receivable:

	2022	2021
Beginning balance	$ 4,820	$ 5,408
Provision (Reversal)	203	(588)
Ending balance	$ 5,023	$ 4,820

Movements of the loss allowance for other accounts and notes receivable (excluding related parties):

	2022	2021
Beginning balance	$ 61,364	$ 61,364
Less: Remittance from this year (note)	(61,364)	—
Ending balance	$ —	$ 61,364

Note:Listed under Expected credit loss (reversal).

For details on relevant risk management and evaluation methods, please refer to Note 12.

As of December 31, 2022 and 2021, none of the above accounts receivable are restricted in use or pledged as collateral.

(37) Finance Lease Receivables

	2022.12.31	2021.12.31
Undiscounted lease payments		
Year 1	$ 5,797	$ 5,936
Year 2	5,475	5,555
Year 3	5,475	5,555
Year 4	5,475	5,555
Year 5	5,475	5,555
Over 5 years	61,593	68,050
	89,290	96,206
Less: Unrealized financing income	(50,272)	(56,383)
Net investment in lease	$ 39,018	$ 39,823
Current	$ 1,118	$ 1,068
Non-Current	37,900	38,755
	$ 39,018	$ 39,823

The Company’ s power supply contract regarding solar power generation equipment stipulates that all power generated since the date of transfer will be sold to Taiwan Power Company. The contract will be treated in accounting as a finance lease with an average finance period of 20 years.

The Company measures the loss provisions of the finance lease receivables based on the expected credit loss in the contract duration. As of the balance sheet date, there are no overdue finance lease receivables. At the same time, considering the past default rate of the other party, the future development of industries related to the lease target, and the value of the collateral, the Company believes that there are no impairments regarding the above-mentioned finance lease receivables.

For the company' s provision of solar power generation equipment to financial institutions as pledged collateral for bank loans as of December 31,2022 and 2021, please refer to Note 8.

(38) Inventories, Manufacturing Business

	2022.12.31	2021.12.31
Finished goods	$ 266,684	$ 359,106
Work in process	35,471	36,099
Semi-finished goods	123,113	175,729
Materials in transit	17,032	—
Raw materials	615,251	1,104,461
Goods	5,802	48,806
Total	$ 1,063,353	$ 1,724,201
Mortgage situation	None	None

D. Inventory-related (losses) profits recognized as cost of goods in the current period are as follows:

	2022	2021
Cost of goods sold	$ 5,798,118	$ 5,394,429
Loss on net realizable value of inventory (gains from recovery)	41,847	(557)

Loss on inventory idle capacity (gains from recovery)	1,939	148
Loss (gain) on physical inventory	37	(4,827)
	$ 5,841,941	$ 5,389,193

E. The Company's inventories are mainly steel products, construction land and housing sites under construction, the net realizable value of which is affected by market prices. The amount of the inventory cost reduced to the net realizable value should be recognized as an expense in the current period. Reduction of the inventory cost to the net realizable value should be recognized as an expense in the year the reduction occurred. However, the reversal amount due to increased net realizable value is also reduced in the amount recognized as an expense in the period in which the reversal occurs.

F. As of December 31, 2022 and 2021, none of the above inventories are restricted in use or pledged as collateral.

(39) Inventories (for Construction Business)

Name of construction site	2022.12.31	2021.12.31
Construction in progress － Hulin Section, Xinyi District	$ 312,289	$ 247,417
Land held for construction －Wanli Section, Wanlijiatou District	108,969	—
	$ 421,258	$ 247,417

A. On March 7, 2008, the Company signed a contract to purchase Land No. 800 in the Guoguang Section of Banqiao District, New Taipei City from Qing-Hui Jian and three others for the total price of NT$1,930,800 thousand. In the same year, the Company paid NT$89,110 thousand per the contract, with the money under “prepayments”. Banqiao Guoguang Section was rezoned to Banqiao Yongcui Section on November 26, 2015. However, the Company that Qing-Hui Jian and the others conducted adverse behavior such as giving away and selling parts of the land in question, so the Company filed for provisional seizure and provisional disposition. For the relevant legal proceedings and ruling, please refer to Note 9 (1).

B. On April 24, 2019, the Company’ s Board of Directors decided to participate in the “Drafted Proposal for the Urban Regeneration and Right Transfer of 34 Plots of Land Including No. 310 of Subsection 4, Hulin Section, Xinyi District, Taipei City” approved by the Taipei City Urban Regeneration Office. On April 25, 2019, the Company and Ding Bang Development Co., Ltd. signed joint investment and construction in the form of joint operation with 1:1 investment. As of December 31, 2022, the Company has paid the relevant deposit of NT$92,127 thousand, with the money listed under “refundable deposits”.

Also, to facilitate the smooth construction and delivery of construction cases and projects, the Company signed a trust contract with the bank regarding the “Xinyi Hulin Section Urban Regeneration” construction project along with Ding Bang Development Co., Ltd. The Company managed the land, existing structures, and funds in compliance with the trust contract throughout the duration of the trust, which is earmarked for the construction progress to facilitate smooth construction and the first registration of structures as soon as they are completed.

C. On November 5, 2021, the Company’ s Board of Directors decided to offset the loss on the agreement through the provision of land by the joint and guarantor of the manganese ore sale and purchase agreement, and transfer No. 62-02 and 118 in the Wanli Section, Wanlijiatou District., New Taipei City ownership was completed on January 6, 2022. Also, to facilitate the smooth construction of Wanli Section, Wanlijiatou District and delivery of construction cases and projects, the Company signed a trust contract with China Real Estate Management Co., Ltd.

D. For the Company’ s provision of Inventories (for Construction Business) as pledged collateral for bank loans as of December 31, 2022 and 2021, please refer to Note 8.

(40) Prepayments

	2022.12.31	2021.12.31
Deferred commissions expense	$ 23,253	$ 24,552
Offset Against Business Tax Payable	—	5,918
Prepayment for land purchases	95,854	95,854

	2022.12.31	2021.12.31
Other prepayments	13,440	16,689
	$ 132,547	$ 143,013

(41) Other Current Assets

	2022.12.31	2021.12.31
Other Financial Assets	$ 520,738	$ 836,718
Payments for other	10	10
	$ 520,748	$ 836,728

For matters pertaining to the Company' s provision of financial assets as collateral for loans and construction presale buyer trust funds as of December 31,2022 and 2021, please refer to Note 8.

(42) Investments Accounted for Using Equity Method

I. The Company' s investments under the equity method are listed below:

	Initial investment cost	2022.12.31	2021.12.31
Subsidiaries			
Mayer Corporation Development International Limited (BVI)	$ 390,881	$ 15,287	$ 15,287
Vietnam Mayer Co., Ltd.	212,601	219,541	217,722
Glory World Development Ltd. (BVI)	259,121	—	—
Mei Kong Development Ltd.	510,149	531,294	554,701
Miramar Development Limited	498,923	14,946	13,361
Mayer Inn Corporation	374,800	147,600	168,999
Mei Yi Architecture Co.,Ltd.	18,000	17,805	17,929
Subtotal		946,473	987,999
Less: Accumulated Impairment Loss - Investments Under the Equity Method		(15,287)	(15,287)
		931,186	972,712
Affiliated Companies			
Grand Tech Precision Manufacturing (Thailand) Co., Ltd.	179,688	218,480	217,701
Diamond Precision Steel Corp.	106,248	228,795	212,140

	Initial investment cost	2022.12.31	2021.12.31
Luen Jin Enterprise Co., Ltd.	156,600	158,711	158,360
Subtotal		605,986	588,201
Less: Accumulated Impairment Loss - Investments Under the Equity Method		—	—
		605,986	588,201
		$ 1,537,172	$ 1,560,913

(d) As of December 31, 2022 and 2021, Mayer Corporation Development International Limited (BVI), which was recognized by the Company under the equity method, transferred its net book equity value minus other receivables transferred to allowance for loss of NT$ (58,801) thousand and NT$ (52,998)thousand under "Other Non-Current Liabilities - Other" as part of its liquidation process.

(e) As of December 31, 2022 and 2021, Glory World Development Ltd. (BVI), which was recognized by the Company through the equity method, recognized accumulated investment losses and other comprehensive profit and losses to the book value of NT$ (10,137) thousand and NT$(8,361), respectively, listing the amount under "Other Non-Current Liabilities - Other".

(f) The Company subscribed 30% new shares issued by Luen Jin Enterprise Co., Ltd. in the amount of NT$156,600 thousand on November 2021.

(g) The Company subscribed 90% new shares issued by Mei Yi Architecture Co.,Ltd. in the amount of NT$18,000 thousand on December 2021.

Parts of the Company's investments under the equity method are disclosed in financial reports made from audit conducted by other CPAs.

J. The Company's percentage of ownership interest and voting rights in its subsidiaries and affiliate companies as of the balance sheet date is as follows:

	2022.12.31	2021.12.31
Mayer Corporation Development International Limited (BVI)	100.00% (Note 1)	100.00% (Note 1)
Vietnam Mayer Co., Ltd.	100.00%	100.00%

	2022.12.31	2021.12.31
Glory World Development Ltd.(BVI)	50.21% (Note 2)	50.21% (Note 2)
Mei Kong Development Ltd.	100.00%	100.00%
Miramar Development Limited	90.00%	90.00%
Mayer Inn Corporation	100.00%	100.00%
Mei Yi Architecture Co.,Ltd.	90.00%	90.00%
Grand Tech Precision Manufacturing (Thailand) Co., Ltd.	45.01%	45.01%
Diamond Precision Steel Corp.	42.50%	42.50%
Luen Jin Enterprise Co., Ltd.	30.00%	30.00%

Note1:Under the ruling of the British Virgin Islands (BVI) court on March 27, 2017, Mayer Corporation Development International Limited (BVI) agreed to enter liquidation and appoint a liquidator.

Note2:Glory World Development Ltd. (BVI) was struck off by the local government on November 3, 2020.

For information on the business nature and main operating locations of the aforementioned subsidiaries and affiliates, please refer to Appendix 5.

K. Subsidiary summary information:

	2022	2021
The Company' s share		
Net income from continuing operations	$ (21,682)	$ (49,665)
Other comprehensive income for the period	10,261	(2,757)
Total consolidated income	$ (11,421)	$ (52,422)

L. The market price information of listed companies' equity investments on the balance sheet date using the equity method, calculated based on the closing price of the stock, are as follows: None.

M. The summarized financial information of the associates that are material to the Company is as follows: None.

N. The carrying amount of the Company’ s interests in all individually immaterial associates and the Company’ s share of the operating results are summarized below:

	2022	2021
The Company’ s share		
Net income from continuing operations	$ 102,843	$ 125,362
Other comprehensive income for the period	29,910	(28,583)
Total consolidated income	$ 132,753	$ 96,779

O. As of December 31,2022 and 2021, none of the above investments under the equity method are restricted in use or pledged as collateral.

P. For the years ended December 31, 2022 and 2021, the Corporation conducted evaluation and impairment test for investment in associates. The result recognized losses on impairment of investment both were $0.

(43) Property, Plant and Equipment

	2022						
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Leasehold improvements	Total
Cost:							
Beginning balance	$ 557,911	$ 223,961	$ 1,398,514	$ 64,224	$ 81,555	$ 9,783	$2,335,948
Increase	—	1,124	70,938	2,500	13,894	—	88,456
Disposal or write off	—	—	(13,085)	(2,311)	(806)	—	(16,202)
Ending net amount	$ 557,911	$ 225,085	$ 1,456,367	$ 64,413	$ 94,643	$ 9,783	$2,408,202
Accumulated depreciation:							
Beginning balance	$ —	$ 206,847	$ 1,201,407	$ 53,650	$ 54,287	$ 9,427	$ 1,525,618
Increase	—	4,034	38,830	2,200	6,719	145	51,928
Disposal or write off	—	—	(11,629)	(2,062)	(788)	—	(14,479)
Ending balance	$ —	$ 210,881	$ 1,228,608	$ 53,788	$ 60,218	$ 9,572	$ 1,563,067
Ending net amount	$ 557,911	$ 14,204	$ 227,759	$ 10,625	$ 34,425	$ 211	$ 845,135

	2021						
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Leasehold improvements	Total
Cost:							
Beginning balance	$ 557,911	$ 223,646	$ 1,349,155	$ 62,358	$ 77,465	$ 9,623	$ 2,280,158
Increase	—	315	55,122	1,866	4,208	160	61,671
Disposal or write off	—	—	(5,763)	—	(118)	—	(5,881)
Ending net amount	$ 557,911	$ 223,961	$ 1,398,514	$ 64,224	$ 81,555	$ 9,783	$ 2,335,948
Accumulated depreciation:							
Beginning balance	$ —	$ 202,739	$ 1,170,415	$ 51,300	$ 48,081	$ 9,193	$ 1,481,728
Increase	—	4,108	36,398	2,350	6,294	234	49,384
Disposal or write off	—	—	(5,406)	—	(88)	—	(5,494)
Ending balance	$ —	$ 206,847	$ 1,201,407	$ 53,650	$ 54,287	$ 9,427	$ 1,525,618
Ending net amount	$ 557,911	$ 17,114	$ 197,107	$ 10,574	$ 27,268	$ 356	$ 810,330

D. On January 1, 2012, the Company chose the revaluation value from land revaluation conducted according to the generally accepted accounting principles in the Republic of China as recognized costs.

E. For the Company’ s provision of property, plants, and equipment as pledged collateral for bank loans as of December 31,2022 and 2021, please refer to Note 8.

F. For the years ended December 31, 2022 and 2021, the result recognized losses on Property, Plant and Equipment both were $0.

(44) Lease Agreement

F. Right-of-use assets

	2022					
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost:						
Beginning balance	$ 2,953	$ 57,022	$ 694	$ 6,136	$ 577	$ 67,382
Increase	6,285	575	—	482	402	7,744
Decrease	(1,156)	(542)	—	(483)	(333)	(2,514)
Ending balance	$ 8,082	$ 57,055	$ 694	$ 6,135	$ 646	$ 72,612

	2022					
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Total
Accumulated depreciation:						
Beginning balance	$ 1,167	$ 20,487	$ 104	$ 3,269	$ 386	$ 25,413
Increase	1,867	11,570	139	2,045	156	15,777
Decrease	(964)	(542)	—	(483)	(329)	(2,318)
Ending balance	$ 2,070	$ 31,515	$ 243	$ 4,831	$ 213	$ 38,872
Ending net amount	$ 6,012	$ 25,540	$ 451	$ 1,304	$ 433	$ 33,740

	2021					
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost:						
Beginning balance	$ 2,289	$ 45,371	$ 312	$ 6,136	$ 577	$ 54,685
Increase	2,953	21,592	694	—	—	25,239
Decrease	(2,289)	(9,941)	(312)	—	—	(12,542)
Ending balance	$ 2,953	$ 57,022	$ 694	$ 6,136	$ 577	$ 67,382
Accumulated depreciation:						
Beginning balance	$ 2,002	$ 18,816	$ 277	$ 1,224	$ 230	$ 22,549
Increase	1,453	11,612	139	2,045	156	15,405
Decrease	(2,288)	(9,941)	(312)	—	—	(12,541)
Ending balance	$ 1,167	$ 20,487	$ 104	$ 3,269	$ 386	$ 25,413
Ending net amount	$ 1,786	$ 36,535	$ 590	$ 2,867	$ 191	$ 41,969

The Company's revenue from subletting right-of-use assets are NT$408 thousand and NT$303 thousand in 2022 and 2021, respectively.

G. Lease liabilities

	2022.12.31	2021.12.31
Carrying amount of lease liabilities		
Current	$ 14,988	$ 14,379
Non-Current	19,172	27,940
	$ 34,160	$ 42,319

Ranges of discount rates for lease liabilities are as follows:

	2022.12.31	2021.12.31
Land	1.9%	1.9%
Buildings and structures	1.95%-2.45%	1.95%-2.2%
Machinery and equipment	1.5314%	1.5314%
Transportation equipment	1.4744%-1.6779%	1.4744%-1.55%
Other equipment	1.5204%-1.8015%	1.52%-1.55%

H. Material terms of right-of-use assets

The Company leases land, buildings, and equipment to serve as operating premises and equipment for plants and offices. The terms of lease contracts generally range between 1 to 5 years, and the Company has the right to renew leases at the end of lease terms. Also, the contract stipulates that the Company may not sublease leased assets to others without the permission of the lessor. As of December 12, 2022, there is no sign of impairments to right-of-use assets, so no impairment assessments have been made.

I. Sublease

The Company subleases the right to use buildings under operating leases with lease terms of 1 of 5 years. The manturity analysis of lease payments receivable under operating subleases is as follows:

	2022.12.31	2021.12.31
Year 1	$ 399	$ 351
Between 1 and 5 years	184	396
	$ 583	$ 747

J. Other lease information

In 2022 and 2021, the Company chose to apply recognition exemptions for short-term leases and qualifying low-value asset leases, and did not recognize related right-of-use assets and lease liabilities for these leases. Information about the relevant expenses are as follows:

	2022	2021

Short-term rental and leasing expenses	$ 1,186	$ 910
Low-value asset lease expenses	63	62
Variable lease payments not included in lease liability assessments.	43	40
	$ 1,292	$ 1,012
Total cash outflow for leases	$ (17,796)	$ (17,117)

(45) Investment Property, Net

H. The Company’ s investment properties are listed below:

	2022		
	Land	Buildings	Total
Cost:			
Beginning balance	$ 82,543	$ 104,963	$ 187,506
Ending balance	$ 82,543	$ 104,963	$ 187,506
Accumulated depreciation:			
Beginning balance	$ －	$ 39,871	$ 39,871
Increase	－	2,933	2,933
Ending balance	$ －	$ 42,804	$ 42,804
Ending net amount	$ 82,543	$ 62,159	$ 144,702

	2021		
	Land	Buildings	Total
Cost:			
Beginning balance	$ 82,543	$ 104,963	$ 187,506
Ending balance	$ 82,543	$ 104,963	$ 187,506
Accumulated depreciation:			
Beginning balance	$ －	$ 36,937	$ 36,937
Increase	－	2,934	2,934
Ending balance	$ －	$ 39,871	$ 39,871
Ending net amount	$ 82,543	$ 65,092	$ 147,635

I. Lease revenue from investment properties and direct operating expenses:

	2022	2021

Lease revenue from investment properties	$ 9,638	$ 10,514
Direct operating expenses of investment properties that generate lease revenue	(2,933)	(2,934)
	$ 6,705	$ 7,580

J. As of December 31, 2022 and 2021, the total amount of lease payments to be received in the future for leasing investment properties under operating leases is as follows:

	2022.12.31	2021.12.31
Under 1 year	$ 10,514	$ 10,514
Between 1 to 5 years	21,714	32,229
	$ 32,228	$ 42,743

K. In 2022, due to the renovation of Investment Property, the Company agreed to unconditionally reduce lease amounts in August, 2022.

L. The Company's investment properties are depreciated based on the straight-line method according to an estimated useful lives of 35 years.

M. The fair value of the Company's investment properties on December 31 of 2020 is NT$272,992 thousand, as valued by independent valuation experts. The valuation for December 31, 2022 and 2021 was made by referencing the market evidence of similar real estate transactions and showed no significant change from the basic estimation from December 31, 2020.

N. For the Company's provision of investment properties as pledged collateral for bank loans as of December 31 of 2022 and 2021, please refer to Note 8.

(46) Other Non-Current Assets

	2022.12.31	2021.12.31
Appeal deposit	$ 287,654	$ 37,654
Contract bond	92,127	84,458
Prepayments for business facilities	45,692	46,091
Long-term lease payments receivable	37,900	38,755
Others	23,334	19,138
	$ 486,707	$ 226,096

For the Company's provision of solar power generation equipment to financial institutions as pledged collateral for bank loans as of December 31, 2022 and 2021, please refer to Note 8.

(47) Short-Term Loans

	2022.12.31	2021.12.31
Secured Loans		
Bank loans	$ 1,763,592	$ 1,923,725
Unsecured Loans		
Credit loans	555,726	286,847
Letter of credit purchase borrowing	215,661	422,871
	771,387	709,718
	$ 2,534,979	$ 2,633,443
Interest rate range	1.775%~2.8105%	1.25%~2.05%
Unspent amount	$ 1,381,413	$ 784,432
Secured borrowing situation	Note 8	Note 8

(48) Short-Term Notes and Bills Payable

	2022.12.31	2021.12.31
Commercial paper	$ 37,000	$ 30,000
Less: Unamortized discounts	(15)	(42)
Net amount	$ 36,985	$ 29,958
Interest rate range	1.712%	0.92%
Unspent amount	$ 23,000	$ 30,000
Secured borrowing situation	Note 8	Note 8

(49) Long-Term Bank Loans

	2022.12.31	2021.12.31
Secured Loans		
Bank loans	$ 20,172	$ 22,902
Less: Current portion	(2,755)	(2,750)
	$ 17,417	$ 20,152
Interest rate range	1.901%	1.45%
Unspent amount	$ —	$ —
Secured borrowing situation	Note 8	Note 8

(50) Provisions

	2022.12.31	2021.12.31
Employee benefits	$ 1,363	$ 983
Decommission, restoration, and repair costs	32,828	37,681
	$ 34,191	$ 38,664

	2022	2021
Beginning balance	$ 38,664	$ 41,746
Addition	380	1,604
Reduction	(4,853)	(4,686)
Ending balance	$ 34,191	$ 38,664

(51) Pensions

C. Defined contribution plans

(c) The pension system applicable to the Company and the domestic subsidiaries of the Company in accordance with the "Labor Pension Act" is the defined contribution pension plan managed by the government. Under this plan, the Company have mademonthly contributions equal to 6% of employees' salary as labor pension to employees' personal pension accounts of the Bureau of Labor Insurance.

(d) The Company recognized pension expenses of NT$8,698 thousand and NT$8,261 thousand in 2022 and 2021, respectively.

D. Defined benefit plans

The Company has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 4% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government’ s designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

(g)Recognized pension expenses regarding defined benefit plans are as follows:

	2022	2021
Current service cost	$ 1,694	$ 2,058
Net interest cost	191	82
Recognized in profit and loss	1,885	2,140
Remeasured		
Plan asset compensation (excluding sums included in the net interest)	(12,667)	(2,262)
Actuarial loss (gain) arising - changes in demographic assumptions	—	3,482
Actuarial loss (gain) - change in financial assumptions	(4,641)	(2,686)
Actuarial loss (gain) - experience adjustment	19,648	14,911
Recognized in other comprehensive income	2,340	13,445
Total	$ 4,225	$ 15,585

The aforementioned pension expenses include the following items:

	2022	2021
Operating costs	$ 1,448	$ 1,670
Selling expenses	128	147
Administrative expenses	309	323
	$ 1,885	$ 2,140

(h)The amounts arising from the defined benefit plans were as follows:

	2022.12.31	2021.12.31
Present value of defined benefit obligations	$(168,812)	$(178,764)
Fair value of plan assets	168,220	149,555
Net defined benefit liabilities	$(592)	$(29,209)

(i) Movements in the present value of defined benefit obligations were as follows:

	2022	2021
Beginning balance	$ 178,764	$ 184,088
Current service cost	1,694	2,058
Interest expenses	1,182	696
Remeasured		
Actuarial loss (gain) arising - changes in demographic assumptions	—	3,482
Actuarial loss (gain) - change in financial assumptions	(4,641)	(2,686)
Actuarial loss (gain) - experience adjustment	19,648	14,911
Benefit payments - expenditure from plan assets	(27,835)	(23,785)
Ending balance	$ 168,812	$ 178,764

(j) Movements in the fair value of plan assets were as follows:

	2022	2021
Beginning balance	$ 149,555	$ 161,185
Interest Income	991	615
Fund attributed by employer	32,842	9,278
Remeasured		
Plan asset compensation (excluding sums included in the net interest)	12,667	2,262
Benefit payments - expenditure from plan assets	(27,835)	(23,785)
Ending balance	$ 168,220	$ 149,555

(k)The Company has been exposed to the following risks due to the Labor Standards Act:

Through the defined benefit plans under the R.O.C. Labor Standards Law, the Company is exposed to the following risks:

i. Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government’s designated authorities or under the mandated management. However, under the R.O.C. Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.

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

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

(l) The acturial valuations of present value of the Company’s defined benefit obligations were carried out by qualified actuaries. The principal assumptions made on the measurement date were as flows:

	Measurement date	
	2022.12.31	2021.12.31
Discount rate	1.30%	0.69%
Future salary growth rate	1.00%	1.00%

In the event that significant actuarial assumptions are subject to possible changes, if all other assumptions remain unchanged, the amount of increase (decrease) in present value of defined benefit obligations were as follows:

	Effect on defined benefit obligations	
	2022.12.31	2021.12.31
Discount rate		
Increased by 0.25% and 0.5%, respectively	$(1,701)	$(1,926)
Decreased by 0.25% and 0.5%, respectively	$ 1,732	$ 1,961
Future salary growth rate		
Increased by 0.25% and 0.5%, respectively	$ 1,344	$ 1,508
Decreased by 0.25% and 0.5%, respectively	$(1,329)	$(1,491)

Since actuarial assumptions might be related to one another, it would be unlikely for only a single assumption to change. Therefore, the aforementioned sensitivity analysis, might not reflect the actual change in the present value of defined benefit obligations.

The Company expects to make contributions of NT$3,008 thousand to defined benefit plans in the next year strating from December 31, 2022.

(52) Equity

G. Capital stock

	2022.12.31	2021.12.31
Authorized shares (thousand shares)	320,000	320,000
Authorized capital	$ 3,200,000	$ 3,200,000
Number of shares issued with payments received in full (thousand shares)	222,526	222,526
Issued share capital	$ 2,225,261	$ 2,225,261

H. Capital surplus

	2022.12.31	2021.12.31
Additional paid-in capital arising from bonds conversion	$ 232,709	$ 232,709
Difference between consideration and carrying amount arising from the disposal of subsidiaries stock	36,010	36,010
Changes in equity of associates acconnted for using equity method.	6,828	6,828
Interest compensation payable for convertible bonds	6,075	6,075
	$ 281,622	$ 281,622

Under the Company Act, where the Company incurs no loss, it may distribute its additional paid-in capital and endowments received by the Company by issuing new shares as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. The capital surplus from long-term investments may not be used for any purpose.

I. Retained earnings and dividend policy

In accordance with the earnings distribution policy stipulated in the Company’ s Articles of Incorporation, if the Company made gains that year, it shall distribute 1% to 5% of the earnings as employees’ remuneration and no higher than 3% as directors’ remuneration. However, in the event the Company has sustained cumulative losses, a proportion of profit shall be reserved in advance for compensation purposes before remunerations are calculated.

Employee remuneration may be paid in cash or stock shares, and shall be payable to employees of the Company that meet certain requirements. Directors’ remuneration shall be paid in cash only.

Matters regarding the distribution of employees’ and directors’ remuneration shall be approved by over half of directors at board meetings with more than 2/3 of the directors present, and reported in the shareholders’ meeting.

If the aforementioned Board of Directors has resolved to distribute employees’ remuneration in stocks, they many determine whether to distribute new shares or purchase their own shares.

The Company’ s dividend policy takes into account the Company’ s capital needs and long-term financial planning, current and future development plans, investment environment and domestic/foreign competition, and shareholders’ interests to decide the amount and method of surplus distribution. If there are earnings in the Company’ s annual accounting statement, 10% of the balance shall be added to the legal reserve after paying income tax and making up for losses in previous years, unless the legal reserve has reached the total paid-in capital. After making special reserve allowance or reversal according to the regulations of competent authorities, However, if there is a special surplus reserve for the net amount of other equity deductions accumulated in the previous period, the same amount of special surplus reserve shall be withdrawn from the undistributed surplus in the previous period. Items other than the current after-tax net profit are included in the amount of the undistributed surplus for the current period, and the undistributed surplus is accumulated with the previous year,the Board of Directors shall draft an earnings distribution plan and submit it to the shareholder’ meeting to resolve how to distribute the remaining earnings plus any unappropriated retained earnings from previous years.

Earnings can be distributed as cash dividends or stock dividend. If distributed, no less than 50% of distributable earnings for the current year shall be allocated as bonus dividends for shareholders. Bonus dividends to shareholders should be distributed as cash dividends in principle. If stock dividends are distributed, it should not exceed 50% of the total dividends.

The Board of Directors is authorized to carry out the aforementioned distribution of bonus dividends to shareholders as cash dividends based on resolutions agreed upon by over half of attending directors in Board meetings attended by at least 2/3 of directors and report such distributions in the shareholders' meeting.

In distributing earnings, the Company must set aside a special reserve based on net deductions of other shareholders' equity (such as the accumulated balance of financial statements translation differences of foreign operations or unrealized profit and loss of financial assets measured at fair value). If there are subsequent reversals of the equity deduction amount, the reversal amount may be added to distributable earnings.

The distribution of 2021 earnings was adopted in the shareholders' meeting on June 14, 2022 and the distribution of 2020 earnings was adopted in the shareholders' meeting on July 15, 2021 were as follows:

	2021	2020	2021	2020
Appropriation legal reserve	$ 75,186	$ 38,857		
Reversal from special reserve	(76,888)	(28,832)		
Cash dividend	667,578	378,294	$ 3.00	$ 1.70

The appropriations of earnings for 2021 and 2020 have been auditing by The Audit Committee and approved by in the meeting of the Board of Directors and shareholders' meeting.

The appropriations of earnings for 2022 had been approved in the meeting of the Board of Directors and the appropriations and dividends per share on March 13, 2023 were as follows:

	2022	2022
Appropriation legal reserve	$ 17,044	
Cash dividend	222,526	$ 1.00

The cash dividends had been approved in the meeting of the Board of Directors, the other proposed appropriations items are to be presented for approval in the Company’s shareholders’ meeting which is to be held on June 7, 2023 (expected).

Information on the resolution of the Board of Directors' and shareholders' meetings regarding the appropriation of earnings is available from the Market Observation Post System on the website of the TWSE.

J. Special reserve

	2022.12.31	2021.12.31
Special reserve recognized through IFRSs for the first time	$ 102,504	$ 102,504
Others	—	76,888
Ending balance	$ 102,504	$ 179,392

The Company made special reserve allowance and reversal according to Jin-Guan Certificate Fa Zi No. 1010012865, Jin-Guan Certificate Fa Zi No. 1010047490, and the “Questions and Answers Regarding Special Reserve Allowance Based on the IFRSs”. If there is subsequent reversal based on the reduction of shareholders’ equity, the Company may make a special reserve allowance or reversal based on the rules of partial distributed surplus reversal.

K. Other equity interests

	2022		
	Foreign Currency Translation Reserve	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Beginning balance	$ (49,777)	$ (20,717)	$ (70,494)
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	—	54,834	54,834
Disposal of investments in equity instruments designated at fair value through other comprehensive income	—	(256)	(256)
Share of other comprehensive income (loss) of subsidiaries and associates	40,171	(7,464)	32,707
Other comprehensive Income for the year, net of income tax	(8,034)	—	(8,034)
Ending balance	$ (17,640)	$ 26,397	$ 8,757

	2021		
	Foreign Currency Translation Reserve	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Beginning balance	$ (24,706)	$ (154,686)	$ (179,392)
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	—	135,678	135,678
Disposal of investments in equity instruments designated at fair value through other comprehensive income	—	(1,464)	(1,464)
Share of other comprehensive income (loss) of subsidiaries and associates	(31,340)	(245)	(31,585)
Other comprehensive Income for the year, net of income tax	6,269	—	6,269
Ending balance	$ (49,777)	$ (20,717)	$(70,494)

(53) Operating Revenue

C. Revenue from customer contracts

	2022	2021
Revenue from customer contracts		
Sales revenue	$ 6,234,974	$ 6,199,234

For the income analysis of major products, please refer to Note 14.

D. Contract balance

Information regarding the Company’ s revenue from customer contracts in 2022 and 2021 are as follows:

	2022.01.01	2022.12.31	Variance
Sale of goods	$ 60,687	$ 74,827	$ 14,140

	2021.01.01	2021.12.31	Variance
Sale of goods	$ 2,461	$ 60,687	$ 58,226

Changes in contract liabilities are mainly due to the difference between the time when the contract obligations are met and the time when customers make payments.

The amount of contract liabilities from the beginning of the year recognized in operating income in 2022 and 2021 is NT$7,174 thousand and NT$2,197 thousand, respectively.

(54) Interest Income

	2022	2021
Bank deposits	$ 1,754	$ 105
Other interest income	67,848	13,959
	$ 69,602	$ 14,064

(55) Other Income

	2022	2021
Rent income	$ 10,064	$ 10,836
Dividend income	35,300	37,990
Others income	110,408	1,749
	$ 155,772	$ 50,575

(56) Other Gains and Losses, Net

	2022	2021
Gains (loss) on disposals of property, plant and equipment	$ (1,320)	$ (387)
Gains (loss) on disposals of investments	122,651	109,167
Net foreign exchange gain (loss)	14,112	(4,693)
Gains (loss) on financial assets at fair value through profit or loss	(300,619)	151,996
Other losses	(3,165)	(6,137)
	$ (168,341)	$ 249,946

(57) Finance Cost, Net

	2022	2021
Interest expense		
Borrowing interest expense	$ 47,118	$ 36,251
Lease liability expenses	799	908
Others interest expense	19	19
Less: Qualifying asset capitalization amount	(5,853)	(3,515)
	$ 42,083	$ 33,663

(58) Employee Benefits, Depreciation, and Amortization Costs

	2022			2021		
	Belonging to operating costs	Belonging to operating expenses	Total	Belonging to operating costs	Belonging to operating expenses	Total
Employee benefits						
Salary expenses	$ 156,454	$ 56,154	$ 212,608	$ 188,246	$ 65,795	$ 254,041
Employee healthcare and labor insurance expenses	19,567	5,878	25,445	18,543	5,493	24,036
Pension expenses	7,752	4,083	11,835	9,896	2,899	12,795
Compensation of directors	—	17,046	17,046	—	35,629	35,629

	2022			2021		
	Belonging to operating costs	Belonging to operating expenses	Total	Belonging to operating costs	Belonging to operating expenses	Total
Other employee benefit expenses	8,120	27,961	36,081	8,406	60,568	68,974
Depreciation expenses	57,148	13,490	70,638	54,102	13,621	67,723
Amortization expenses	7,746	599	8,345	6,247	100	6,347
Total	$ 256,787	$ 125,211	$ 381,998	$ 285,440	$ 184,105	$ 469,545

A. For the years ended December 31, 2022 and 2021, the numbers of the Company employees and employee benefits are as follows:

	2022	2021
The numbers of employees	337	337
The numbers of directors who were not employees	8	9
	345	346
Average employee benefits	$ 849	$ 1,068
Average employee salaries	$ 631	$ 754
The percentage change in the average salary expenses	(16.31%)	19.92%

B. The Company' s compensation policies are as follow:

(a) Employees

The salary of the employee is determined based on the eductional experience,position,resposibility,performce with the market salay level.

The increasment of annual salary depends on the operate condiction and price level changes.

In addition, employees who are promoted in accordance with the Company' s transfer management method (promotion) will take into account the changes in their responsibilities and adjust the original salary.

The Company’ s employee salary includes regular salary(monthly salary and compensation, bouns, benefit), overtime, unregular salary(unmonthly bonus,benefit,etc.)

(b)Managers

The appointment of managers of the Company is handled in accordance with the company’ s regulations. The management’ s salary shall be assessed by the remuneration committee based on the industry salary benchmark, the manager’ s personal performance indicators, and the company’ s operating performance,and submitted to the Board of Directors for discussion and resolution.

(c)The Company did not have supervisors for the years ended December 31, 2022 and 2021. Therefore, there was no compensation to the supervisor.

(d)Directors

The remuneration of directors includes compensation,business execution fee and directors’ remuneration. According to the Articles of Incorporation of the Company, a ration of profit of the current year distributable shall not be higher than 3 for directors’ remuneration.

C. According to the Company’ s Articles of Incorporation, the Company shall allocate no 1% to 5% of profit as employees’ compensation and no more than 3% of profit as directors’ compensation for each profitable fiscal year after offsetting any cumulative losses. The Company’ s employees’ compensation for 2022 and 2021 are NT$18,000 thousand and NT$48,615 thousand, respectively. The Company’ s estimated directors’ remuneration in 2022 and 2021 are NT$10,800 thousand and NT$29,169 thousand, recognized based on the aforementioned pre-tax profits of 5% and 3%. Any changes to the sum after the publication of the Company’ s annual financial report are treated as accounting estimates and added to the balance of the following year.

D. The distributions of employees and directors’ compensation for 2022 and 2021 were approved through the Board of Directors’ meeting on March 13, 2023 and March 22, 2022, respectively. The details of distribution were as follows:

	2022		2021	
	Employees' compensation	Directors' remuneration	Employees' compensation	Directors' remuneration
Approved amount	$ 18,000	$ 10,800	$ 48,615	$ 29,169

The amounts, as stated in the parent company only financial statements, are identical to those of the actual distributions for 2022 and 2021.

Information relevant to the aforementioned employees and directors' compensation can be obtained from the "Market Observation Post System" on the website of the TWSE.

(59) Income tax

H. Components of income tax expenses

	2022	2021
Current income tax		
Occurred in the current year	$ 78,634	$ 101,481
Additional undistributed earnings	(1,755)	–
Adjustment of previous years	–	(1,092)
	76,879	100,389
Deferred income tax		
Origination and reversal of temporary differences	(12,321)	11,216
Total tax expenses	$ 64,558	$ 111,605

I. Income tax recognized in other comprehensive income

	2022	2021
Financial statements translation differences of foreign operations	$ 8,034	$ (6,269)

J. Adjustments to the income tax expenses recognized in profit and loss in the current year:

	2022	2021
Net profit before tax	$ 331,190	$ 894,514

	2022	2021
Net profit before tax calculated based on the statutory tax rate	$ 66,238	$ 178,903
Effected tax amount from adjusted items:		
Effected items are not included in the calculation of taxable income	12,396	(90,506)
Origination and reversal of temporary differences	(12,321)	11,216
Taxed separately	—	13,084
Tax refund of Repatriated Offshore Funds Act	(1,755)	—
Adjustments in respect of prior years	—	(1,092)
Income tax expenses recognized in profit and loss	$ 64,558	$ 111,605

The Company' s application to repatriate offshore funds within a time limit according to the "Management, Utilization, and Taxation of Repatriated Offshore Funds Act" implemented in Taiwan on August 15, 2019 was approved. Since the day the act was implemented, the applicable tax rate was 8% in the first year and 10% in the second year, separate from the general income tax system. Within a year of repatriating funds, the Company needs to apply to participate in real investment from the Ministry of Economic Affairs. Only those who have completed this step will receive the 50% tax refund.

K. Deferred income tax assets and liabilities generated from temporary difference

	2022			
	Beginning balance	Recognized in profit and loss	Recognized in other Comprehensive income	Ending balance
Deferred tax assets				
Temporary differences				
Unrealized inventory valuation loss and idle loss	$ 8,397	$ 7,787	$ —	$ 16,184
Effects of investment income tax recognized using the equity method	—	5,081	—	5,081
Others	549	(81)	—	468
	$ 8,946	$ 12,787	$ —	$ 21,733
Deferred tax liabilities				
Temporary differences				
Properties, Plants and Equipment	$ 162,405	$ —	$ —	$ 162,405
Exchange difference of foreign operations	7,711	—	8,034	15,745
Effects of investment income tax recognized using the equity method	163	(163)	—	—
	$ 170,279	$ 466	$ 8,034	$ 178,779

	2021			
	Beginning balance	Recognized in profit and loss	Recognized in other Comprehensive income	Ending balance
Deferred tax assets				
Temporary differences				
Unrealized inventory valuation loss and idle loss	$ 9,165	$ (768)	$ —	$ 8,397
Effects of investment income tax recognized using the equity method	10,471	(10,471)	—	—
Others	364	185	—	549
	$ 20,000	$ (11,054)	$ —	$ 8,946

	2021			
	Beginning balance	Recognized in profit and loss	Recognized in other Comprehensive income	Ending balance
Deferred tax liabilities				
Temporary differences				
Properties, Plants and Equipment	$ 162,405	$ —	$ —	$ 162,405
Exchange difference of foreign operations	13,980	—	(6,269)	7,711
Effects of investment income tax recognized using the equity method	—	163	—	163
	$ 176,385	$ 163	$ (6,269)	$ 170,279

L. Impacted by the COVID-19 pandemic, the Company's declared profit-seeking enterprise income tax payable for 2021, 2020, and 2019 are NT$87,096 thousand , NT$59,964 thousand and NT$43,627 thousand respectively. On June 7, 2022, June 25, 2021, and June 20, 2020, the National Taxation Bureau of Taipei of the Ministry of Finance approved the request to pay the tax in 36 installments. As of December 31, 2022, the Company has paid for 2021, 2020, and 2019 are 6 installments, 18 installments and 30 installments totaling NT$80,853 thousand.

M. Income tax assessment

As of December 31, 2022, the tax collection agency approved Company's profit-seeking enterprise income tax settlement declaration to 2020.

(60) Earnings Per Share

	2022				
	Profit attributable to ordinary shareholders of the parent company		Weighted average number of ordinary shares outstanding	EPS (NT$)	
	Before tax	After tax	(thousand shares)	Before tax	After tax
Basic earnings per share	$ 331,190	$ 266,632	222,526	$ 1.49	$ 1.20

	2021				
	Profit attributable to ordinary shareholders of the parent company		Weighted average number of ordinary shares outstanding	EPS (NT$)	
	Before tax	After tax	(thousand shares)	Before tax	After tax
Basic earnings per share	$ 894,514	$ 782,909	222,526	$ 4.02	$ 3.52

(61) Adjustments in Liabilities From Financing Activities

	2022.01.01	Cash Flow	Non-cash changes Others	2022.12.31
Short-term loans	$ 2,633,443	$ (98,464)	$ —	$ 2,534,979
Short-term notes and bills payable	29,958	7,027	—	36,985
Long-term loans (including long-term liabilities, current portion)	22,902	(2,730)	—	20,172
Lease liabilities	42,319	(16,504)	8,345	34,160
Guarantee deposits received	20,383	(300)	—	20,083
Total liabilities from financing activities	$ 2,749,005	$ (110,971)	$ 8,345	$ 2,646,379

	2021.01.01	Cash Flow	Non-cash changes Others	2021.12.31
Short-term loans	$ 1,959,907	$ 673,536	$ —	$ 2,633,443

	2021.01.01	Cash Flow	Non-cash changes Others	2021.12.31
Short-term notes and bills payable	29,992	(34)	—	29,958
Long-term loans (including long-term liabilities, current portion)	75,146	(52,244)	—	22,902
Lease liabilities	32,277	(16,105)	26,147	42,319
Guarantee deposits received	28,163	(7,780)	—	20,383
Total liabilities from financing activities	$ 2,125,485	$ 597,373	$ 26,147	$ 2,749,005

21. RELATED PARTY TRANSACTIONS

(4)Names of Related Parties and Their Relationship with the Company

Name of related parties	Relationship with the Company
Mayer Corporation Development International Limited	Subsidiaries
Mei Kong Development Ltd. (hereby referred to as Mei Kong Development)	Subsidiaries
Mayer Inn Corporation(hereby referred to as Mayer Inn)	Subsidiaries
Vietnam Mayer Co., Ltd. (hereby referred to as Vietnam Mayer)	Subsidiaries
Mei Yi Architecture Co.,Ltd.	Subsidiaries
Grand Tech Precision Manufacturing (Thailand) Co., Ltd. (hereby referred to as Grand Tech Precision)	Affiliated companies
Diamond Precision Steel Corp. (hereby referred to as KY-Diamond)	Affiliated companies
Diamond Steel Tube Co., Ltd. (Vietnam)	Affiliated companies
Luen Jin Enterprise Co., Ltd.(hereby referred to as Luen Jin Enterprise)	Affiliated companies
Durban Development Co., Ltd.	Other related parties
Miramar Hospitality Co., Ltd. (hereby referred to as Miramar Hospitality)	Other related parties
Singleton Co. Ltd. (Singleton Pharma Logistics Co. Ltd. rename)	Other related parties

Name of related parties	Relationship with the Company
TZE SHIN INTERNATIONAL CO., LTD. (hereby referred to as TZE SHIN INTERNATIONAL)	Other related parties
Directors, president, vice president, and other executive officers	Key management

(5)Significant Transactions with Related Parties

In 2022 and 2021, the Company conducted the following operating transactions with the related parties of non-merged companies:

N. Sales Revenue

	2022	2021
Subsidiaries	$ 17,967	$ 34,188
Affiliated companies	206,851	69,036
	$ 224,818	$ 103,224

The Company's transactions with the above-mentioned related parties are handled based on conditions agreed upon by both parties.

O. Accounts Receivable

	2022.12.31	2021.12.31
Subsidiaries	$ —	$ 13,567
Affiliated companies	14,264	23,498
	$ 14,264	$ 37,065

P. Other receivables

	2022.12.31	2021.12.31
Subsidiaries	$ —	$ 10

Q. Construction in Progress

The management service fees the Company paid to other related parties for real estate development in 2022 and 2021 are NT$1,440 thousand. The sums are accounted for under "Inventories (for construction business) - Construction in Progress".

R. Other Receivables (Including Amounts Loaned)

	2022.12.31	2021.12.31
General payment		
Subsidiaries	$ 172	$ 165
Amount loaned		
Subsidiaries	18,706	16,859
Subtotal	18,878	17,024
Less: Allowance for impairment loss	(18,878)	(17,014)
	$ —	$ 10

S. Refundable Deposits

	2022.12.31	2021.12.31
Other related parties	$ 5	$ 5

T. Contract Liabilities

	2022.12.31	2021.12.31
Other related parties	$ 7	$ 7

U. Accounts Payable

	2022.12.31	2021.12.31
Other related parties	$ 120	$ 126

V. Others income

	2022	2021
Other related parties	$ 14	$ —

W. Lease Revenue

	2022	2021
Subsidiaries	$ 229	$ 14
Other related parties	179	179
	$ 408	$ 303

X. Dividend Income

	2022	2021
Investment reductions under the equity method		
Mei Kong Development	$ 1,209	$ 1,495
Vietnam Mayer	44,010	56,600
Grand Tech Precision	46,608	26,536
KY-Diamond	59,580	50,051
Luen Jin Enterprise	8,483	—
	159,890	134,682
Other Income		
Miramar Hospitality	188	—
TZE SHIN INTERNATIONAL	5,200	—
	5,388	—
	$ 165,278	$ 134,682

Y. Others

vi. Acquisition of investments accounted for using equity method

2022:

	Acquisition of investments		Percentage of ownership interest	
	Number of Shares	Price	Before	After
Mayer Inn	3,000	$ 30,000	100%	100%

2021:

	Acquisition of investments		Percentage of ownership interest	
	Number of Shares	Price	Before	After
Mayer Inn	3,000	$ 30,000	100%	100%

vii. The Company purchased worth of gifts on behalf of related parties amounted to NT$77 thousand and NT$48 thousand, respectively, for 2022 and 2021, were record as “operating expenses”.

viii. The Company paid NT$40 thousand for rapid screening reagents to other related parties in 2022, were record as “operating expenses”.

ix. The Company charged to subsidiaries human resource fees amounted to NT$1,842 thousand and NT$1,658 thousand, respectively, for 2022 and 2021.

(6)Key Management Compensation

	2022	2021
Salary and short-term employee benefits	$ 40,118	$ 75,344
Post-employment benefits	612	655
	$ 40,730	$ 75,999

The remuneration of directors and other key management are determined based on individual performance and market trends by the remuneration committee.

22. PLEDGED ASSETS

The book value of the Company' s assets pledged to financial institutions as collateral for long or short-term loans, presale buyer trust funds for construction projects, and restrictions on repatriated overseas funds on December 31, 2022 and 2021 are detailed below:

	2022.12.31	2021.12.31
Inventories (for construction business)	$ 312,289	$ 247,417
Other financial assets - bank deposits	111,057	115,166
Other financial assets - current financial assets at fair value through profit and loss	253,921	576,612
Other financial assets - current investments in equity instruments designated at fair value through other comprehensive income	67,500	144,940
Other financial assets － non current financial assets at fair value through profit and loss	88,260	—
Finance lease receivable	39,018	39,823
Property, plant and equipment	572,115	575,025
Investment property	144,702	147,635
	$ 1,588,862	$ 1,846,618

23. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMPACT COMMIMENTS

(9) On March 7, 2008, the Company entered into a contract with Qing-Hui Jian and three other persons to purchase rezoned land No. 38 and other lots in Yongcui Section, Banqiao District, New Taipei City for a total of NT$1,930,800 thousand. As of December 31, 2022, the Company had paid NT$89,110 thousand pursuant to the contract, and the unpaid

balance had been offset by a claim for damages. However, without warning, Qing-Hui Jian and three others, after donating part of the lands, sold the rest to Yeashin Inter. Development Co., Ltd. and registered the transfer of ownership, which was a serious violation of the agreement between the two parties and the Company's obligatory rights. The progress of the trial is as follows:

E. On April 7, 2017, the Company filed a civil lawsuit with the Taiwan Taipei District Court requesting Qing-Hui Jian and two others to transfer the ownership of land holdings of lots No. 62 to 67 in Yongcui Section, Banqiao District, New Taipei City (totaling 1,511.19 square meters), after rezoning, to the Company in accordance with the Preliminary Land Sale and Purchase Agreement and Supplemental Agreement (hereinafter referred to as the "Sale and Purchase Agreement") executed by the parties in 2008. The Taiwan Taipei District Court ruled in favor of the Company in the civil ruling Chong-Su-Zi No. 594 of 2017, and Qing-Hui Jian and two others were ordered to transfer the ownership of the aforesaid land to the Company. Qing-Hui Jian and two others appealed the ruling, which was later rejected by the Taiwan High Court in the civil ruling Chong-Shang-Zi No. 739 of 2018. Qing-Hui Jian and two others filed another appeal, to which the Supreme Court issued its civil ruling Tai-Shang-Zi No. 2947 of 2020 on November 25, 2021 to remand the case back to Taiwan High Court. The lawsuit is currently being reviewed by the Taiwan High Court (case reference: Chong-Shang-Geng-I-Zi No. 5 of 2022). To enforce the aforementioned transfer of ownership, the Company filed a request for provisional injunction with Taiwan New Taipei District Court, to which the court issued civil ruling Chuan-Zi No. 142 of 2016 approving the request to prohibit transfer, pledging, leasing, and all acts of disposal of the real estate properties owned by Qing-Huang Jian and two others as shown in the Appendix, subject to a security deposit of NT$37,653,818. The Company has provided the security deposit to enforce the provisional injunction for the abovementioned land.

F. On October 25, 2017, the Company filed a civil lawsuit with the Taiwan Taipei District Court, seeking damages of NT$ 118,678 thousand for the transfer of land at lot No. 48 in Yongcui Section, Banqiao District, New Taipei City to a third party by Qing-Hui Jian and three others. The Taiwan Taipei District Court ruled in the civil ruling Chong-Su-Zi No. 1325 of 2017 that Qing-Hui Jian and three others shall pay the Company NT$ 97,825 thousand together with an interest of 5% per annum from March 24, 2017 to the date of settlement. The Company appealed parts of the ruling in which it was not awarded favorably, and requested to have Qing-Hui Jian and three others pay the Company an additional NT$20,853 thousand plus an interest accruing at 5% from March 24, 2017 until settlement. Meanwhile, Qing-Hui Jian and three others also appealed the court's ruling. On December 21, 2021, Taiwan High Court issued civil ruling Chong-Shang-Zi No. 298 of 2020 that rejected the appeals of both parties. Qing-Hui Jian and three others appealed the rejection, and the appeal was rejected for the last time on July 26, 2022 by the Supreme Court in judgment Tai-Shang-Zi No. 1190 of 2022. All damage claims plus interest that the court had ruled in favor of the Company was recovered on July 27, 2022.

G. On April 30, 2020, the Company filed a civil lawsuit with the Taiwan Taipei District Court, seeking damages of NT$ 594,956 thousand for the transfer of land at lot No. 49 in Yongcui Section, Banqiao District, New Taipei City to a third party by Qing-Hui Jian and three others. On March 3, 2023, the Taiwan Taipei District Court ruled in the civil ruling Chong-Su-Zi No. 487 of 2020 that Qing-Hui Jian three others shall pay the Company NT$605,121 thousand together with an interest of 5% per annum from March 24, 2017 to the date of settlement.

H. On June 29, 2021, the Company filed a civil lawsuit with the Taiwan Taipei District Court, seeking damages of NT$ 823,018 thousand for the transfer of land at No. 38 in Yongcui Section, Banqiao District, New Taipei City to a third party by Qing-Hui Jian and three others. On January 6, 2023, the Taiwan Taipei District Court ruled in the civil ruling Chong-Su-Zi No. 528 of 2021 that Qing-Hui Jian and three others shall pay the Company NT$812,436 thousand together with an interest of 5% per annum from March 24, 2017 to the date of settlement, to which Qing-Hui Jian and three others have filed an appeal. To enforce the above claim, the Company has provided a security deposit for the Taiwan Taipei District Court to execute provisional attachment of properties up to NT$75 million owned by Qing-Hui Jian three others, as mentioned in the court's ruling Chuan-Zi No. 275 of 2022. Provisional attachment of properties owned by Qing-Hui Jian and three others has been executed to date.

(10) Regarding the 200 million shares (the "disputed shares") of Mayer Holdings Limited (Cayman) (hereinafter referred to as "Mayer Holdings (Cayman)") held by the Group, Mayer Corporation Development International Limited (hereinafter referred to as "Mayer

Corp. (BVI)"), on January 12, 2012, Computershare notified that Aspial Investment Limited and Bumper East Limited had requested for a transfer of the disputed shares to them. The Hong Kong Court of Final Appeal made a ruling later on July 3, 2014 that Mayer Corp. (BVI) had lost ownership over Mayer Holdings (Cayman), and case no longer posed any significant impact to the Company at the time.

The Company entrusted the foregoing "disputed shares" to the person in charge of Mayer Corp. (BVI), surnamed Lai, for safekeeping and disposal. Without the consent or authorization of the Company, Lai disposed of (sold) the foregoing shares to a third party, which prevented the Company from returning the shares to Mayer Corp. (BVI). On April 29, 2015, the Board of Directors resolved to file a criminal complaint with the District Prosecutor's Office to pursue the legal responsibility of Lai in order to protect the rights and interests of the Company and all shareholders. On March 19, 2021, the prosecutor of Taiwan Taipei District Prosecutors Office filed an indictment under Zhen-Zi No. 7922 and No. 7923 of 2016. The case was transferred to the Criminal Court of the Taiwan Taipei District Court for trial under Jin-Chong-Su-Zi No, 16 of 2021, to which the court ruled that Lai was not guilty on January 17, 2023. The case is currently awaiting further actions from the prosecutor.

(11) On September 15, 2010, Glory World Development Limited (BVI), a joint venture between the Company and Mayer Holdings Limited (Cayman), entered into an exclusive supply contract with Vietnam Minerals Holding Company (Brunei), a Vietnamese mining holding company, through its subsidiary Elternal Galaxy Limited (BVI). The first installment of the performance bond,US$ 10 million, was paid in full on October 15, 2010.

As Vietnam Minerals Holding Company (Brunei) failed to comply with the contract, the entire amount of the "refundable deposits" was transferred to "other receivables" and an allowance for bad debt was provided for based on the conservatism principle. The cumulated impairment loss and allowance for bad debt amounted to US$ 2.92 million and US$ 5.42 million, respectively. In addition to confirming the value (or rights) of different assets, and whether they can be legally pledged or transferred, the Group intends to discuss with co-beneficiaries whether to take legal action to protect the Company's rights and interests. As per evaluation, the case no longer poses any significant impact to the Group. More updates shall be provided once the Company and the co-beneficiaries reach further consensus.

(12) Glory World Development Limited (BVI), a joint venture subsidiary between the Company and Mayer Holdings Limited (Cayman), signed an exclusive supply contract on September 27, 2010 with Dynamic Natural Resources Pte. Ltd. (Singapore) through its subsidiary Sinowise Development Limited (BVI). The contract took effect from the date of signing and was valid for a period of five years. The performance bond of US$4 million was paid in full on October 5, 2010. However, Sinowise Development Limited (BVI) signed a termination agreement with the company on March 25, 2012. The performance bond, prepayments, and loss attributed up to that date were to be repaid in installments with a 5% annual interest starting on January 1, 2012. The total repayment amounts to US$ 6.98 million, but only US$ 1.3 million has been received. Therefore, a 100% allowance for bad debts was provided based on the conservatism principle. The appointed counsel indicated that Dynamic Natural Resources Pte. Ltd. (Singapore) was in a struck off status. Sinowise Development Limited (BVI) intends to discuss with co-beneficiaries whether to take legal action to protect the Company's rights and interests. As per evaluation, the case no longer poses any significant impact to the Group. More updates shall be provided once the Company and the co-beneficiaries reach further consensus.

(13) On April 5, 2017, the Securities and Futures Commission of Hong Kong imposed a total fine of HK$10.2 million on Mayer Holdings Limited (Cayman) and nine of its current and former senior staff at the Market Misconduct Tribunal for breach of "disclosure obligations" under the Securities and Futures Ordinance. The Company appointed a counsel to represent the Company's President and five other persons to appeal to the Court of Appeal of the High Court of Hong Kong. Permission to appeal was granted by the Court of Appeal on June 14, 2017. Following the hearing of the appeal on November 20 and 21, 2018, the Tribunal gave directions on July 24, 2020 requiring the parties to submit expert reports. The tribunal will issue its ruling after closing statements scheduled on August 31,2022. As of December 31, 2022, the Company had recognized a total of HK$4,680 thousand in attorney fees with relation to the foregoing case.

(14) As of December 31, 2022 and 2021, the unused balances of letters of credit issued by the Company were NT$67,208 thousand and NT$96,485 thousand, respectively.

(15) As of December 31, 2022 and 2021, the balance of guaranteed notes issued by the Company for bank borrowings, procurement of materials, and endorsements/guarantees were NT$3,635,900 thousand and NT$3,321,660 thousand, respectively.

(16) As of December 31, 2022 and 2021, the Company’s contracted and unpaid amount for the procurement of machinery and equipment and land development was NT$63,332 thousand and NT$76,215 thousand, respectively.

24. SIGNIFICANT DISASTER LOSS:None.

25. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE:None.

26. OTHERS:

(3)Capital Risk Management

The Company needs to maintain enough capital to support expansions and improvements of plants and equipment. Therefore, the Company’s capital management is to ensure that it has necessary financial resources and operating plans to meet the needs of working capital, capital expenditures, research and development expenses, debt repayment, and dividend expenditures in the next 12 months.

(4)Financial Instruments

D. Financial instruments by category

	2022.12.31	2021.12.31
Financial Assets		
Designated at amortized cost (Note 1)	$ 1,696,314	$ 1,368,568
Designated at fair value through profit or loss	680,039	1,090,396
Designated at fair value through other comprehensive income	154,320	284,819
Financial Liabilities		
Designated by amortized cost (Note 2)	$ 3,006,509	$ 3,295,275

Note 1: The balance includes financial assets at amortized cost such as cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits, finance lease receivables, and other financial assets.

Note 2: The balance includes financial liabilities at amortized cost such as current borrowings, short-term notes amd bills payable, notes payable, accounts payable, other payables, guarantee deposits received, and non-current portion of non-current borrowings.

E. Fair value information

(d) Financial instruments not measured at fair value

The Company believes that the book value of financial assets and financial liabilities measured at amortized cost is a reasonable approximation of fair value.

(e) Financial instruments measured at fair value

The following table provides the relevant analysis of financial instruments measured at fair value after initial recognition, and is divided into Levels 1 to 3 based on fair value observability.

iv. Level 1 fair value measurements are quoted prices in active markets for identical assets or liabilities (unadjusted)

v. Level 2 fair value measurements are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (price) or indirectly (derived from price).

vi. Level 3 fair value measurement refers to fair value evaluation techniques not based on the input value of assets or liabilities based on observable market data (unobservable input value).

	2022.12.31			
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic listed company stocks	$ 274,203	$ —	$ —	$ 274,203
Domestic non-listed company stocks	—	—	369,399	369,399
Foreign non-listed company stocks	—	—	29,383	29,383
Fund beneficiary certificate	7,054	—	—	7,054
	$ 281,257	$ —	$ 398,782	$ 680,039
Financial assets at fair value through other comprehensive income				
Domestic listed company stocks	$ 77,220	$ —	$ —	$ 77,220

	2022.12.31			
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
Domestic non-listed company stocks	—	—	77,100	77,100
	$ 77,220	$ —	$ 77,100	$ 154,320

	2021.12.31			
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic listed company stocks	$ 636,019	$ —	$ —	$ 636,019
Domestic non-listed company stocks	—	—	421,785	421,785
Foreign non-listed company stocks	—	—	26,124	26,124
Fund beneficiary certificate	6,468	—	—	6,468
	$ 642,487	$ —	$ 447,909	$ 1,090,396
Financial assets at fair value through other comprehensive income				
Domestic listed company stocks	$ 193,020	$ —	$ —	$ 193,020
Domestic non-listed company stocks	—	—	91,799	91,799
	$ 193,020	$ —	$ 91,799	$ 284,819

There have been no transfers between Level 1 and Level 2 of the Company's financial assets and liabilities measured at fair value on a repetitive basis in 2022 and 2021.

Adjustment of financial instruments measured at Level 3 fair value.

The Company's financial assets measured at Level 3 fair value are equity instrument investments that measured at fair value through profit and loss or at fair value through other comprehensive profit or loss.

Financial assets at fair value through profit or loss were adjusted as follows:

	2022	2021
Beginning balance	$ 447,909	$ 374,725
Addition	—	3,645

	2022	2021
Capital reduction and refund of shares	(384)	—
Gains (loss) on disposals of investments	(37)	—
Finance measured at fair value through profit or loss Unrealized gains (losses) from assets	(48,706)	69,539
Ending balance	$ 398,782	$ 447,909

Investments in equity instruments measured at fair value through other comprehensive income were adjusted as follows:

	2022	2021
Beginning balance	$ 91,799	$ 113,560
Addition	—	561
Capital reduction and refund of shares	(10,407)	(24,977)
Unrealized gains (losses) of financial assets measured at fair value through other comprehensive income	(4,292)	2,655
Ending balance	$ 77,100	$ 91,799

(f) Evaluation techniques and assumptions used to measure fair value

The Company determines the fair value of its financial assets and liabilities through the following methods and assumptions:

The fair value of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market prices (including listed corporate bonds, agency bonds, stocks of listed companies, and government bonds).

The fair value of unlisted companies without an active market are estimated using the market method, which is based on parameters such as recent fundraising activities, valuation of similar companies, technological development of the company, market conditions, and other economic indicators.

F. Financial risk management purpose and policy

The objective of the Company’ s financial risk management is to manage operation-related foreign currency risk, interest rate risk, credit risk, and liquidity risk. To reduce relevant financial risks, the Company is committed to identifying, evaluating, and avoiding market uncertainties in order to reduce potential negative impacts of market changes on the Company’ s financial performance.

The Company’ s significant financial activities are reviewed by the Board of Directors in accordance with relevant regulations and internal control systems. In executing financial plans, the Company must strictly follow financial operating procedures regarding overall financial risk management and division of power and responsibilities.

(d)Market risk

Market risk to the Company is the risk that the fair value or cash flows of financial instruments will fluctuate because of changes in market prices. Market risk comprise of mainly currency risk, interest rate risk, and other price risks.

iv. Currency risk

The Company’ s operation and net investments by foreign operating institutions are mainly conducted in foreign currencies, which expose the Company to currency risk. The Company's foreign currency receivables are the same as some of the foreign currency payables, with certain positions resulting in a natural hedging effect. Also, the net investment of foreign operating institutions is a strategic investment, so the Company has not hedged against it.

Currency risk sensitivity analysis calculated based on information on the Company’ s foreign currency financial assets and liabilities with significant impact:

Unit: $1000 in each foreign currency

(Foreign currency: functional currency)	2022.12.31 Foreign currency	Exchange rate	Degree of variation	Effects on profit and loss (NTD)
Financial Assets				
Monetary items				
USD: NTD	$ 3,678	30.70	1%	$ 1,129
Financial Liabilities ：	None.			

Unit: $1000 in each foreign currency

(Foreign currency: functional currency)	2021.12.31 Foreign currency	Exchange rate	Degree of variation	Effects on profit and loss (NTD)
Financial Assets				
Monetary items				
USD: NTD	$ 4,584	27.67	1%	$ 1,268
Financial Liabilities ：	None.			

v. Interest rate risks

Interest rate risk is the risk that a change in market interest rates will reduce the fair value of financial instruments. The Company’s exposure to interest rate risk is primarily due to fixed-income investments and fixed-rate borrowings.

The sensitivity analysis of interest rate risk is based on changes in the fair value of fixed-income investments at the balance sheet date. If interest rates increase/decrease by 0.25% with all other variables remaining constant, the Company’s net profit in 2022 and 2021 will be reduced by NT$4,932 thousand and NT$5,340 thousand, respectively.

vi. Other price risks

The price risk of the Company’s equity instruments comes mainly from financial assets measured at fair value through profit and loss and financial assets measured at fair value through other comprehensive gains and losses. All major equity instrument investments must be approved by the Company's Board of Directors.

The sensitivity analysis of equity instrument price risk is based on changes in fair value at the balance sheet date. If the price of equity instruments increased/decreased by 5%, the Company’s net profit in 2022 and 2021 will be increased by NT$14,143 thousand and NT$31,989 thousand, respectively, with other comprehensive profit and loss increasing by NT$3,890 thousand and NT$9,664 thousand, respectively.

(e) Credit risk

Credit risk refers to the risk of a counterparty breaching contractual obligations, causing financial losses to the Company. The Company’s exposure to credit risk comes mainly from receivables from operating activities, bank deposits from investment activities, fixed-income investments, and other financial instruments. Operation-related credit risk and financial credit risk are managed separately.

iii. Operation-related credit risk

The Company has established operation-related credit risk management procedures to maintain the quality of accounts receivable.

Risk assessments of individual customers takes into account multiple factors that can affect a customer’s ability to make payments, including the customer’s financial situation, credit rating by credit rating agencies, credit rating by the Company, transaction history, and current economic situation. The Company will also use certain credit enhancement tools like prepayments and credit insurance to reduce the credit risk of specific customers.

Concentrations of credit risk are limited given that the Company's customer base is large and unrelated. As of December 31, 2022 and 2021, the ratio of the total accounts receivable from the Company’s top ten customers to the total accounts receivable was 45% and 35%, respectively.

iv. Financial credit risk

The credit risk of bank deposits and other financial instruments are assessed and monitored by the Company’s finance department. Because the Company’s transaction partners and counterparties are all banks with high credit quality and financial institutions of investment grade, there is no significant default risk, and therefore no significant credit risk.

(f) Liquidity risk management

The Company's purpose for managing liquidity risk is to maintain cash and cash equivalents, highly liquid securities, and sufficient bank financing limits needed for operations to ensure that the Company has sufficient financial flexibility.

The following table summarizes the analysis of financial liabilities within the agreed repayment period of the Company based on maturity date and undiscounted maturity amount:

	2022.12.31				
	Less than 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Non-Derivative Financial Liabilities					
Short-term loans	$ 2,534,979	$ —	$ —	$ —	$ 2,534,979
Short-term notes and bills payable	36,985	—	—	—	36,985
Notes and accounts payable (including related parties)	281,408	—	—	—	281,408
Other payables (including related parties)	112,882	—	—	—	112,882
Lease liabilities	14,988	17,947	1,225	—	34,160
Long-term liabilities,current portion	2,755	5,670	5,890	5,857	20,172
	$ 2,983,997	$ 23,617	$ 7,115	$ 5,857	$ 3,020,586

2021.12.31

	Less than 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Non-Derivative Financial Liabilities					
Short-term loans	$ 2,633,443	$ —	$ —	$ —	$ 2,633,443
Short-term notes and bills payable	29,958	—	—	—	29,958
Notes and accounts payable (including related parties)	410,535	—	—	—	410,535
Other payables (including related parties)	178,054	—	—	—	178,054
Lease liabilities	14,379	22,099	5,841	—	42,319
Long-term liabilities,current portion	2,750	5,621	5,786	8,745	22,902
	$ 3,269,119	$ 27,720	$ 11,627	$ 8,745	$ 3,317,211

27. SUPPLEMENTARY DISCLOSURES:

When preparing the the parent company only financial report, all major transactions between the parent and subsidiary companies and their balances have been eliminated.

(3)Information on major transactions and (2) invested businesses:

L. Loans to others：Please refer to Table 1.

M. Provision of endorsements/guarantees to others：Please refer to Table 2.

N. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates and joint venture equity)：Please refer to Table 3.

O. Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of paid-in capital or more: None.

P. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more：Please refer to Table 4.

Q. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

R. Purchase or sale of goods from or to related parties reaching at least NT$100 million or 20% of paid-in capital: None.

S. Receivables from related parties reaching at least NT$100 million or 20% of paid-in capital: None.

T. Entities engaged in derivative trading: None.

U. Names, locations, and other information of investee companies (excluding the investees in Mainland China)：Please refer to Table 5.

(4)Information on investments in Mainland China

C. The name, primary operations, paid-in capital, investment methods, capital remittances, shareholding ration, investment gains and losses, ending investment book value, remitted investment gains, and invest limit in Mainland China of investees in Mainland China：Please refer to Table 6.

D. Direct or indirect significant transactions with investees in Mainland China via a third region and the prices, payment terms, and unrealized gains and losses of such transactions：Please refer to Table 6.

(5)Information on major shareholders (the names and number/percentage of shares held of shareholders that hold over 5% shares)：Please refer to Table 7.

28. DEPARTMENTAL INFORMATION

Please refer to the consolidated financial statements for the year ended December 31, 2022.

Mayer Steel Pipe Corporation
Loans to others
January 1 to December 31, 2022

Table1

In Thousands of New Taiwan Dollars

No. (Note 1)	Lender	Borrower	General ledger account	Related party	Maximum outstanding balance during the current period	Ending balance (Note 2)	Actual amount drawn down	Interest rate range	Nature of loan	Transaction amount	Reason for short-term financing	Allowance for loss provision	Collateral		Limit on loans granted to a single party (Note 4)	Limit on total lender’s loans granted (Note 5)
													Name	Value		
0	Mayer Steel Pipe Corporation	Mayer Corporation Development International Limited	Other receivables	Yes	$ 19,626	$ 18,706	$ 18,706	1.22% (Note6)	Note 3	—	In response to the short-term financing needs of subsidiaries	$ 18,706	—	—	$ 320,293	$ 1,281,171
0	Mayer Steel Pipe Corporation	Ding Bang Development Co., Ltd.	Other receivables	No	105,650	105,650	101,950	12%-18%	Note 3	—	In response to short-term financing needs	—	—	—	320,293	1,281,171

Note 1: How to fill out the number column:

1.Issuer is 0.

2.Investees are numbered in order starting from ‘1’.

Note 2: Funds available for loans to others approved by the Board of Directors.

Note 3: Those in need of short-term financing.

Note 4: The Company’s financing limit for a single enterprise must not exceed 10% of its net worth according to most recent financial report.

Note 5: The Company’s financing limit must not exceed 40% of its net worth according to most recent financial report.

Note 6: Mayer Corporation Development International Limited entered liquidation on March 27, 2017, so imputed interests have been suspended since April 2017.

Mayer Steel Pipe Corporation

Provision of endorsements/guarantees to others

January 1 to December 31, 2022

Table 2

In Thousands of New Taiwan Dollars

No. (Note 1)	Provider of endorsements / guarantees Name of company	Entity for which the endorsement/guarantee is made		Limit on endorsements / guarantees to a single enterprise (Note 3)	Highest outstanding balance of endorsements / guarantees in the current period	Ending balance of endorsements / guarantees	Actual amount drawn down	Endorsed / guaranteed amount with property as collateral	Cumulative endorsed / guaranteed amount as a percentage of the net value in the most recent financial statement	Maximum endorsed/guaranteed amount (Note 4)	Parent company to subsidiary	Subsidiary to parent company	To Mainland China
		Name of company	Relation to the Company (Note 2)										
0	Mayer Steel Pipe Corporation	Ding Bang Development Co., Ltd.	5	$ 3,202,927	$ 250,000	$ 250,000	$ 198,101	$ —	7.81	$ 3,202,927	No	No	No

Note 1: How to fill out the number column:

1.Issuer is 0.

2.Investees are numbered in order starting from ‘1’.

Note 2: Relationships between endorser/guarantor and the entity for which the endorsement/guarantee is made are classified into the following seven categories:

1.Companies with business interactions with the Company.

2.Companies in which the Company directly or indirectly holds more than 50% of voting shares.

3.Companies that in directly or indirectly hold more than 50% of the Company’s voting shares.

4.Companies in which the Company directly or indirectly holds more than 90% of voting shares.

5.Companies providing mutual endorsements/guarantees between industry peers or joint applicants for purposes of undertaking a construction project.

6.Companies where all capital-contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

7.Companies in the same industry provide performance guarantees of sales contracts for pre-sale homes according to the Consumer Protection Act for one another.

Note 3: The Company’s endorsement/guarantee limit for a single firm shall not exceed the Company's net worth according to the most recent financial report.

Note 4: The Company’s endorsement/guarantee limit must not exceed 100% of its net worth according to the most recent financial report.

Mayer Steel Pipe Corporation

Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates and joint venture equity)

December 31, 2022

Table 3

In Thousands of New Taiwan Dollars

Holding company	Type and name of securities	Relation with the Company	General ledger account	End of period Share	End of period Book value	End of period Percentage (%)	Fair Value	Note
Mayer Steel Pipe Corporation	Xpec Entertainment Inc.		Current financial assets at fair value through profit or loss	70,225	$ —	0.04	$ —	
	Miramar Hospitality Co., Ltd.		〃	725,000	6,032	1.95	6,032	
	IBF Financial Holdings Co., Ltd.		〃	15,547,000	175,681	0.45	175,681	15,547 thousand shares pledged
	ADATA Technology Co., Ltd.		〃	250,000	14,250	0.09	14,250	
	EVERGREEN MARINE CORPORATION (TAIWAN) LTD.			480,000	78,240	0.02	78,240	480 thousand shares pledged
	Taiwan Business Bank-Manulife Global Technology Fund		〃	30,000	227	—	227	
	Taiwan Business Bank- Neuberger Berman Disruptive Innovation Equity Securities Investment Trust Fund Class NTD T Acc		〃	70,000	467	—	467	
	Mega-KGI Future Mobility Fund		〃	200,000	1,750	—	1,750	
	Taishin Senior Secured High Yield Bond Fund		〃	97,813	947	—	947	
	Manulife Global Preferred Income Fund		〃	93,633	903	—	903	
	KGI ESG Sustainable Emerging Market Bond Fund		〃	100,000	841	—	841	
	KGI LOHAS Multi-Asset Fund		〃	100,000	975	—	975	
	TCB US Short Duration High Yield Bond Fund		〃	100,004	944	—	944	
	Tze Shin International Co., Ltd.	Chairman is the same person	〃	5,720,000	77,220	3.03	77,220	5,000 thousand shares pledged
	Taiwan Stock Exchange Corporation		Non-current financial assets at fair value through profit or loss	568,953	89,671	0.06	89,671	560 thousand shares pledged
	Steel United International Investment Development Co., Ltd.		〃	1,250,000	29,382	2.55	29,382	
	Durban Development Co., Ltd.	Chairman is the same person	〃	1,933,104	5,393	1.27	5,393	
	Miramar Resort Co., Ltd.	Chairman is the same person	〃	2,389,500	411	9.00	411	
	Taiwan Navigator Asset Investment Limited		〃	18,000,000	273,925	14.06	273,925	
	Genesis Capital Holdings Limited		〃	3,151	—	4.51	—	
	Jia Ruei Investment Development Co., Ltd.		Non-current financial assets at fair value through other comprehensive income	2,244,000	76,549	6.07	76,549	
	CSGT (SHENZHEN) Co., Ltd.		〃	20,000	551	2.50	551	
Mei Kong Development Ltd.	Jia Ruei Investment Development Co., Ltd.		Non-current financial assets at fair value through other comprehensive income	1,692,748	57,758	4.58	57,758	
	Singleton Co. Ltd.		〃	1,276,600	1,243	16.08	1,243	
Miramar Development Limited	Oasis Eden Properties Limited		Current financial assets at fair value through profit or loss	1,750	—	13.46	—	

Note: For information about investments in subsidiaries and affiliated companies, please refer to Table 5.

Mayer Steel Pipe Corporation
Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more
January 1 to December 31, 2022

Table 4

In Thousands of New Taiwan Dollars

Acquired company	Name of property	Transaction date of date of occurrence	Transaction amount	Payment delivery (Note)	Counterparty	Relation to the Company	Data transferred before transaction with related parties				Reference for price determination	Purpose of acquisition and usage	Other matters of agreement
							Owner	Relation to the Company	Date of transfer	Amount			
Mayer Steel Pipe Corporation	110 plots of land on No. 800, Guoguang Section, Banqiao District, New Taipei City	97.3.7	$ 1,822,160	$ 89,110	Jian Qing-Hui, Chien Ching-Huang Chien Ching-Ming, Chien Ching-Hsing	None					NT$1,935,098 thousand and NT$1,862,540 thousand according to professional valuation companies.	Purchased to build national housing	

Note: Payment delivery status as of December 31, 2022.

Mayer Steel Pipe Corporation

Names, locations, and other information of investee companies - excluding investees in Mainland China

January 1 to December 31, 2022

Table 5-1

In Thousands of New Taiwan Dollars

Name of investor	Name of investee	Location	Main business activities	Initial investment amount		Shares held at the end of the period			Net profit (loss) of investee for the current period	Investment (loss) profit recognized by the company	Note
				Balance sheet date	End of last year	Number of shares (1000 shares)	Percentage	Book value			
Mayer Steel Pipe Corporation	Mayer Corporation Development International Limited	British Virgin Islands	Holding, various investment business	$ 390,881	$ 390,881	5,550,000	100.00	$ – (Note 1)	$ –	$ –	Subsidiaries
	Vietnam Mayer Co., Ltd.	Vietnam	Processing and sales of steel pipes, steel plates and other metal products	212,601	212,601	–	100.00	219,541	30,266	30,266	Subsidiaries
	Glory World Development Limited	British Virgin Islands	Various investment business	259,121	259,121	8,881,539	50.21	– (Note 2)	(1,611)	(810)	Subsidiaries
	Mei Kong Development Ltd.	Taiwan	Various investment and property development business	510,149	525,149	505,000,000	100.00	531,294	266	266	Subsidiaries
	Miramar Development Limited	Hong Kong	Various investment business	498,923	498,923	17,100,000	90.00	14,946	131	119	Subsidiaries
	Mayer Inn Corporation	Taiwan	General hospitality business and international trade	374,800	344,800	20,000,000	100.00	147,600	(51,399)	(51,399)	Subsidiaries
	Mei Yi Architecture Co.,Ltd.	Taiwan	Housing and Building Development and Rental	18,000	18,000	1,800,000	90.00	17,805	(137)	(124)	Subsidiaries
	Grand Tech Precision Manufacturing (Thailand) Co., Ltd.	Thailand	Processing and sales of steel pipes, steel plates and other metal products	179,688	179,688	17,350,000	45.01	218,480	69,361	31,219	Investees evaluated using the equity method
	Diamond Precision Steel Corp.	Cayman Islands	Various investment business	106,248	106,248	3,527,500	42.50	228,795	144,500	61,413	Investees evaluated using the equity method
	Luen Jin Enterprise Co., Ltd.	Taiwan	Manufacture of Other Metals	156,600	156,600	6,525,000	30.00	158,711	34,033	10,211	Investees evaluated using the equity method
Glory World Development Limited	Sinowise Development Limited	British Virgin Islands	Trading of on-ferrous metals and other mineral resources	236,731	236,731	7,550,000	100.00	– (Note 3)	–	Note 6	Indirect investments in sub-subsidiaries
	Elternal Galaxy Limited	British Virgin Islands	Trading of on-ferrous metals and other mineral resources	291,617	291,617	9,350,000	100.00	– (Note 4)	(1,608)	Note 6	Indirect investments in sub-subsidiaries

Mayer Steel Pipe Corporation

Names, locations, and other information of investee companies - excluding investees in Mainland China

January 1 to December 31, 2022

Table 5-2

In Thousands of New Taiwan Dollars

Name of investor	Name of investee	Location	Main business activities	Initial investment amount		Shares held at the end of the period			Net profit (loss) of investee for the current period	Investment (loss) profit recognized by the company	Note
				Balance sheet date	End of last year	Number of shares (1000 shares)	Percentage	Book value			
Glory World Development Limited	Grace Capital Group Limited	Samoa	Trading of on-ferrous metals and other mineral resources	2,099	2,099	70	100.00	– (Note 5)	–	Note 6	Indirect investments in sub-subsidiaries

Note 1: Mayer Corporation Development International Limited (BVI) entered liquidation on March 27, 2017 and was therefore not included as an entity in the consolidated report. As a result, the balance of NT$(58,801) thousand from the net book equity value of NT$ (77,679) thousand minus other receivables transferred to allowance for loss of NT$18,878 thousand was transferred under “other non-current liabilities, others”.

Note 2: Glory World Development Limited was struck off by the local government on November 3, 2020 and was therefore not included as an entity in the preparation of this report. As a result, the net book equity value was transferred under other non-current liabilities, others NT$10,137 thousand.

Note 3: Transferred to other non-current liabilities, others NT$790 thousand.

Note 4: Transferred to other non-current liabilities, others NT$17,642 thousand.

Note 5: Transferred to other non-current liabilities, others NT$204 thousand.

Note 6: The profit and loss of the investee company has been included in its investment company and will not be expressed separately.

Mayer Steel Pipe Corporation
Information of investment in mainland China
January 1 to December 31, 2022

Table 6

In Thousands of New Taiwan Dollars

Investee	Main businesses	Total paid-in capital	Method of investment (1)	Accumulated outflow of investment from Taiwan as of beginning balance	Investment flows		Accumulated outflow of investment from Taiwan as of ending balance	Net Income (Losses) of the Investee Company	Percentage of ownership	Investment profit (loss) of this period recognized (2)	Book value	Accumulated inward remittance of Earnings as of ending balance	Note
					Outflow	In flow							
CSGT (SHENZHEN) Co., Ltd.	Buy and sell, and act as an agency for steel products	$ 24,560 (US 800 thousand)	Through investment to set up company then invest in China.	$ –	$ 614 (US 20 thousand)	–	$ 614 (US 20 thousand)	$ –	2.50%	$ –	$ 551	$ –	Financial assets at fair value through other comprehensive income non-current

Accumulated investment in China as of December 31, 2022 (4)	Investment amounts authorized by investment commission, MOEA (4)	Upper limit on investment authorized by investment commission, MOEA (3)
614 (US$20 thousand)	183,617 (US$ 5,981 thousand) (5)	1,921,756

(1) Methods of investment:
   (a) Remit through third area to invest in China.
   (b) Through the company set up in third area and then reinvest in China.
   (c) Other method.

(2)Investment profit and loss were recognized based on the audited financial statements and shareholding ratio.
(3)Calculated based on 60% of net equity value of the Corporation.
(4)Converted at the exchange rate on December 31, 2022.
(5)The investment income and loss of ownership from the sale and repatriation of the previous year have not been deducted from the approved investment amount without applying for a deduction of the mainland investment amount

Mayer Steel Pipe Corporation

Information on major shareholders

December 31, 2022

Table 7

Name of major shareholders	Shareholding	
	Shares held (thousand shares)	Percentage (%)
Yuan Chuan Steel Corporation	36,962	16.61
Tze Shin International Co., Ltd.	20,080	9.02
Miramar Hotel Taipei Co., Ltd.	15,562	6.99
Sian Da Investment Co., Ltd.	12,176	5.47

Note 1: Taiwan Depository & Clearing Corporation calculates the information of the shareholders holding 5% or more of the Company’ s non-physical common shares and special shares which have been registered in dematerialized form (including treasury shares) based on the last business day of every quarter. The stock recorded in the Company's financial statements may differs from the shares which have been registered in dematerialized form because of different basis of preparation.

Note 2: If the shareholders deliver shareholdings to the trust, the above information shows the trustor's separate account opened by the trustee. As to insiders' equity declaration of shareholdings over 10% under securities trading laws, the shareholders' shareholdings include their own shareholdings and shares delivered to the trust with the right to decide how to use the trust property. For information related to insiders' equity declaration, please refer to the Market Observation Post System.

VI. In the case of any insolvency of the Company and its affiliates, specify its effect on the Company's financial position: None:

[Chapter 7. Review and Analysis of the Company's Financial Position and Financial Performance, and Risks]

I. Financial Position:

Main reasons for the significant changes in assets, liabilities, and shareholders' equity in the last two years and their effects. Future plans shall be stated if the effects are significant.

Unit: NT$ thousands

Item \ Years	FY2022	FY2021	Difference	
			Amount	%
Current assets	4,071,605	4,896,581	824,976	-16.85%
Financial assets and investments	1,052,609	1,202,183	-149,574	-12.44%
Property, plant and equipment	1,016,695	1,007,236	9,459	0.94%
Right of use assets	564,098	619,140	-55,042	-8.89%
Investment property	144,702	147,635	-2,933	-1.99%
Intangible assets	8,151	3,455	4,696	135.92%
Other assets	528,209	255,605	272,604	106.65%
Total assets	7,386,069	8,131,835	-745,766	-9.17%
Current liabilities	3,265,368	3,540,286	-274,918	-7.77%
Non-current liabilities	914,135	967,260	-53,125	-5.49%
Share capital	2,225,261	2,225,261	0	0.00%
Additional paid-in capital	281,622	281,622	0	0.00%
Retained earnings	687,287	1,184,423	-497,136	-41.97%
Other equity	8,757	-70,484	79,241	-112.42%
Equity attributable to owners of the parent company	3,202,927	3,620,812	-417,885	-11.54%
Total shareholders' equity	3,206,566	3,624,289	-417,723	-11.53%

The percentage change in equity was analyzed: (Change of 20% or more, and the amount of change reached NT$10,000,000)
1) Other assets: The increase of NT$250,000 thousand in "security deposits" (application for provisional seizure deposits) in FY2022 compared to FY2021.
2. Retained earnings: Mainly due to the increase in operating costs and decrease in after-tax income in FY2022.
3. Other equity: The increase of NT$47,370,000 was mainly due to the decrease in the adjustment for the effect of retroactive application of IFRS 9 and the recovery in the share price of "unrealized valuation gain on equity instruments at fair value through profit or loss" in FY2022.

II. Financial Performance

(I) Financial Performance Analysis

Unit: NT$ thousands

Item	2022	2021	Difference	
			Amount	%
Revenue	6,624,345	6,558,618	65,727	1.00%
Operating costs	6,199,928	5,700,901	499,027	8.75%
Gross operating profit	424,417	857,717	-433,300	-50.52%
Operating Expenses	193,567	334,179	-140,612	-42.08%
Operating Profit	230,552	522,641	-292,089	-55.89%
Non-operating income and expense	108,438	383,533	-275,095	-71.73%
Profit (loss) before tax of continuing business units	338,990	906,174	-567,184	-62.59%
Income tax expense	72,358	127,671	-55,313	-43.32%
Net profit after tax of continuing business units	266,632	778,503	-511,871	-65.75%
Other comprehensive income (loss), net	77,329	96,797	-19,468	-20.11%
Total comprehensive income (loss) for the period	343,961	875,300	-531,339	-60.70%

The percentage change in equity was analyzed: (Change of 20% or more, and the amount of change reached NT$10,000,000)

1.The difference in net operating profit was mainly due to the decrease in gross profit as a result of higher operating costs.

2. Operating expenses: The decrease was mainly due to the expected credit impairment gain of NT$61,161,000 and the lower net profit for the year, which resulted in the provision of less employee and director compensation.

3. Operating income: Mainly due to the decrease in gross profit of NT$433,300,000 in FY2022 compared to FY2021.

4. Non-operating income and expenses: The increase was mainly due to the loss of NT$300,619,000 on "financial assets measured at fair value through profit or loss" in FY2022 compared to FY2021.

5. Income before income tax of continuing operations: Mainly due to the decrease in operating income of NT$292,089,000 in FY2022 compared to FY2021.

6. Income tax expense: The decrease of NT$567,184,000 in FY2022 compared to FY2021 was mainly due to the decrease in income before income tax.

7. Net income from continuing operations: This is mainly due to the decrease in net income before tax of NT$567,184,000 and the decrease in income tax expense of NT$55,313,000 in FY2022 compared to FY2021. 8. Other comprehensive income (loss), net: This is mainly due to the increase of NT$49,934,000 in "Share of other comprehensive income of affiliated companies and joint ventures recognized under the equity method" compared to last year. 9. Total comprehensive income (loss): Mainly due to the decrease in net income after tax of NT$511,871,000 in FY2022 compared to FY2021.

(II) Expected sales volume and the basis of estimation and the potential impact and remedial plans for the Company's future finance and operation:

Please refer to page 3-5 of the Annual Report.

(III) Operating gross profit change analysis

	Variation from the previous period	Reason for Deviation			
		Selling price difference	Cost difference	Sales mix difference	Number difference
Operating gross profit	-411,104	723,651	(1,018,855)	(1,253)	(174,647)
	Unfavorable	Favorable	Unfavorable	Unfavorable	Unfavorable
The difference between the increase in sales price and the increase in cost is mainly due to the increase in steel price compared to the same period last year, but the increase in cost is higher than the increase in sales price and the decrease in overall sales volume, resulting in a significant decrease in gross profit margin for the period.					

Note 1: The main product of the analysis is steel.

Note 2: Average cost in the price spread analysis does not include inventory valuation loss (recovery gain).

III. Cash Flow

(I). Liquidity analysis for the most recent two years

Item \ Years	December 31, 2022	December 31, 2021	Change Percentage (%)
Cash Flow Ratio	34.77	4.97	599.60
Cash Flow Sufficiency Ratio	59.41	38.51	54.27
Cash Reinvestment Ratio	9.16	-3.70	347.57
Notes to increase/decrease: 1. Cash flow ratio: an increase of 599.6% over the previous year, mainly due to the increase in cash inflows from operating activities caused by the decrease in accounts receivable from operating activities in the current period. 2. Cash flow sufficiency ratio: a increased by 54.27% over the previous year, mainly due to the decrease in the average cash inflow in the past five years compared with the previous year. 3. Cash reinvestment ratio: an increase of 347.57% over the previous year, mainly due to the relatively high cash inflow from operating activities in the current period.			

(II) Improvement plan for insufficient cash liquidity: None.

(III) Cash flow analysis for the coming year

Unit: NT$'000

Initial cash balance	Expected annual net cash flow from operating activities	Expected annual cash inflow (outflow)	Expected cash balance (deficit)	Measures for managing cash deficit	
				Investment plan	Financing plan
628,926	503,403	(322,523)	809,806	–	–
Analysis of change in cash flows: 1. Operating activities: Mainly income from steel products. 2. Investment activities: Mainly for the purchase of equipment. 3. Financing activities: Mainly due to repayment of loans and distribution of cash dividends.					

IV. Effect on Financial and Business Position of Major Capital Expenses During the Most Recent Year

(I) Major capital expenses and source of funds: None.

(II) Expected income to be generated: None.

V. Reinvestment Policy for the Most Recent Year, Main Reasons for Profits/Losses Generated Thereby, Improvement Plan, and Investment Plans for the Coming Year

(I) The Company's reinvestment policy is mainly diversified operation. The Board of Directors makes reinvestments based on factors such as operational needs or the Company's future growth, which is expected to achieve synergies and increasing shareholders' equity with investment income.

(II) In 2022, the Company has strengthened the supervision and management of its overseas investment projects. The net profit of affiliated companies and joint ventures recognized under the equity method amounted to NT$102,033,000 representing a decrease of NT$22,572,000 from the investment income of NT$124,605,000 in 2021. Affected by the booming housing market sales, it is expected that the steel demand will increase with the successive commencement of housing construction sites. The reinvestment businesses all grew in 2022. In the future, the Company will continue to strengthen the management of reinvestments, implement the performance evaluation system, and provide necessary assistance to investment companies that suffered losses in the hope of a turnaround.

(III) The investment plan for the coming year will depend on the overall industry circumstance and the Company's business development needs. The plan will be carefully evaluated and submitted to the Board of Directors for approval.

VI. Risk Analysis and Evaluation: In the most recent year and up to the date of publication of the annual report.

(I) Effects of interest and exchange rate fluctuations and changes in the inflation rate on the Company's profits, and countermeasures to be taken in the future.

1. Change in interest rate:

(1) Interest rate risk refers to a type of risk in which the fair value of financial instruments changes due to changes in market interest rate. The interest rate risk of the Company mainly comes from fixed-income investment and fixed interest rate loans.

(2) The sensitivity analysis of interest rate risk is based on the changes in the fair value of fixed income investment at the end of the financial reporting period. If interest rates were to increase/decrease by 1 percent, with all other factors held constant, the Group's net income would have decreased by $NT 4,606,000 and NT$5,020,000 in 2022 and 2021, respectively.

2. Change in exchange rate:

The Group's operating activities and overseas operating institutions are mainly trading with foreign currencies, exchange rate risks are thereby generated. The Group's foreign currency receivables and payables are denominated in the same currency. This results in natural hedging effects for certain positions. As the net investments in foreign operations are strategic investments, the Group does not hedge risks in this regard.

3. Inflation: No significant impact on the operation and revenue of the Company.

(II) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and countermeasures to be taken in the future.

1. The Company does not engage in any high-risk or highly leveraged investments.

2. The Company's loaning of funds are mainly for the operating needs of its subsidiaries and are made in accordance with the Company's "Regulations Governing Loaning of Funds". The amount of individual loans shall not exceed 10% of the Company's net worth, and the total amount shall not exceed 40% of the Company's net worth.

3.The Company's endorsements/guarantees are mainly for the bank lines of its subsidiaries and are made in accordance with the Company's "Regulations Governing Making of Endorsements/Guarantees". The total amount of endorsements/guarantees shall not exceed 100% of the Company's net worth, and the total amount of endorsements/guarantees for a single enterprise shall not exceed 100% of the Company's net worth.

(4) The Company does not engage in derivatives trading.

(III) Future R&D plans and expected R&D expenditure:

The Company's expected R&D expenditure is NT$0, but the estimated costs of five new machines and equipment and the costs of R&D and training programs in 2023 are as follows:

1. New equipment

The Company expected to purchase two new large machines and equipment in early 2023, the addition of online annealing equipment for stainless steel pipe machine of Vega Engineering, and the costs of which are as follows:

Item	Expected amount (before tax)	Contract amount (before tax)	Difference (before tax)	Supplier
1. Construction of customized filtering tank	$420,000	Price not yet negotiated		HC Feng Co., Ltd.
2. Phase 3 solar power construction works for the main factory	$14,057,488	Change of work details; change of contract price.		New Ray Solar Tech Co., Ltd.
Total (before tax)	**NT$ 14,477,000**	**NT$0**	**NT$ 0**	

2. Training

On-the-job training is conducted for the continuous skills improvement of the R&D employees. The training courses and fees are as follows:

Item	Courses	Fees	Number of participated R&D employees	Total	Organizer
1	Aerial lift vehicle license course	NT$7,225/person	5 persons	NT$36,125	Taiwan Industrial Safety and Health Association (TICSHA)
2	Welding technology practice	NT$3,500/person	1 person	NT$3,500	Metal Industries Research & Development Centre (MIRDC)
3	Electrical and safety applications necessary for machine maintenance personnel	NT$2,700/person	2 persons	NT$5,400	Metal Industries Research & Development Centre (MIRDC)
4	R&D project planning and execution	NT.4500/person	2 persons	NT$ 9,000	Industry College, Industrial Technology Research Institute
			Total	NT$.45,025	

(IV) Impact on the Company's financial and business condition from domestic and overseas important policies and legal changes, and countermeasures:

The Company is a professional steel pipe (sheet) manufacturer, and its business and sales are mainly located in the domestic market. The Company's financial and business conditions are seldom affected by domestic and overseas important policies and legal changes. However, the Company will make flexible adjustments as necessary.

(V) Impact on the Company's financial and business condition from changes in technology and the industry, and countermeasures:

Changes in technology and the industry in the sector where the Company operates are not likely to cause a significant impact on the Company's financial and business condition in the near future.

However, the Company will make flexible adjustments as necessary.

(VI) Impact on the Company's crisis management from changes in the corporate image, and countermeasures:

The Company has a good corporate image for more than 60 years and its crisis management will not be affected by changes in the corporate image.

However, the Company will make flexible adjustments as necessary.

(VII) Expected benefits and potential risks associated with any merger and acquisitions, and countermeasures:

The Company does not intend to conduct merger and acquisition.

(VIII) Expected benefits and possible risks of facilities expansion, and countermeasures:

The Company does not intend to expand its plants. However, the Company will make flexible adjustments as necessary.

(IX) Risk from centralized purchasing or selling, and countermeasures:

The main suppliers of raw materials for the Company's products are CSC, Chung Hung, Tang Eng, and Yieh United. The Company has a stable supply of raw materials through regular contracts, which are occasionally supplemented by international market purchases under special circumstances. In terms of sales, with a stable foundation of the distributor system, the long-established cooperation model will not result in risks due to concentration.

(X) Impact and risk associated with large share transfers or changes in shareholdings of Directors, Supervisors, or shareholders who hold more than 10% of the Company's shares, and countermeasures:

There is no significant transfer or change of ownership of the Company's Directors or major shareholders who hold more than 10% of the shares.

(XI) Impact and risks associated with changes in ownership, and countermeasures:

The Company's ownership is stable and is not intended to change its ownership. Therefore, there are no impact or risks involved.

(XII) Disclosure of issues in dispute, monetary amount of claims, filing date, parties involved, and status of any litigation or other legal proceedings within the latest fiscal year and as of the date of the annual report where the Company and/or any of its Directors, Supervisors, President, person in charge, shareholders with 10% or more share ownership, or affiliates are involved in a pending litigation, legal proceedings or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the Company's shareholder equity or price of securities: See pages 171~174 of this annual report for the description of significant contingent liabilities and unrecognized contractual commitments (I)~(V).

(XIII) Other major risks and countermeasures: None. However, the Company will make flexible adjustments as necessary.

VII. Other important matters: none.

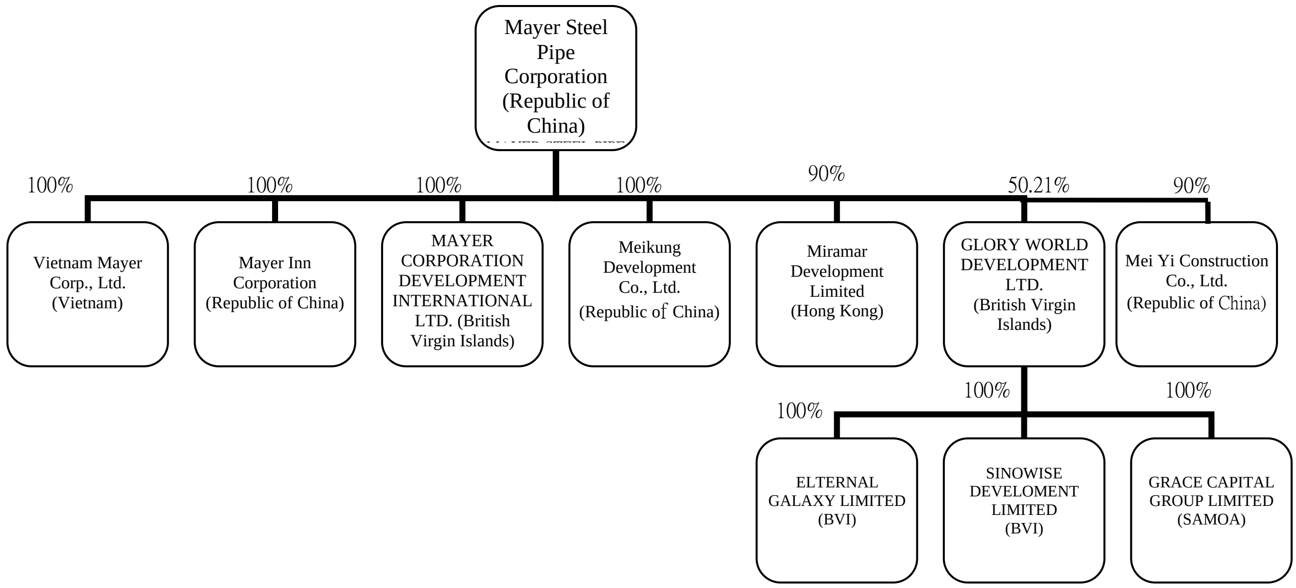
Chapter 8. Special Disclosure

I. Information on the Company Affiliates

(I) Consolidated business report of affiliates

1. Organizational chart of affiliates:

December 31, 2022



Note: Mayer Corporation Development International Limited (BVI) was ruled by a court in the British Virgin Islands (BVI) to enter into liquidation proceedings and appointed a liquidator on March 27, 2017, resulting in the loss of control of the Company. The company was not included in the preparation of the consolidated report as of March 27, 2017.

2. Profiles of affiliates

December 31, 2022 Unit: NT$ thousands

Enterprise name	Date of incorporation	Address	Paid-up Capital	Major business or products
Mayer Corporation Development	92.04.08	British Virgin Islands	179,450	Holding company, investment business
GLORY WORLD DEVELOPMENT LIMITED	96.01.18	British Virgin Islands	516,097	Investment business
Vietnam Mayer Corp., Ltd.	95.10.19	Vietnam	209,412	Processing and sales of steel pipes, sheets and other metal products
Meikung Development Co., Ltd.	96.06.14	Taiwan	505,000	Investment business and real estate development business
Miramar Development Limited	100.01.27	Hong Kong	554,359	Investment business
Mayer Inn Corporation	103.5.13	Taiwan	200,000	Wholesale, trading and general hotel business
Mei Yi Construction Co., Ltd.	110.12.08	Taiwan	20,000	Real estate investment and development businesses
Sinowise Development Limited	95.11.24	British Virgin Islands	236,731	Operation of non-ferrous metals and other mineral resources
Elternal Galaxy Limited	96.01.02	British Virgin Islands	291,617	Operation of non-ferrous metals and other mineral resources
Grace Capital Group Limited	97.04.03	Samoa	2,099	Operation of non-ferrous metals and other mineral resources

3. Companies presumed to have a relationship of control and subordination under Article 369-3 of the Company Act shall disclose the following matters (Appendix II): None.

4.1 Industries covered by the business operation of the affiliates:

Please refer to the major business or products in the basic information of affiliates in the table above.

4.2 If the business between the affiliates is related, the business dealings shall be stated: None.

5. The names of the Directors, Supervisors and Presidents of each affiliates, and the number of shares they hold or the amount of capital they contributed:

December 31, 2022

Enterprise name	Title (Note 1)	Name	Number of share held (thousand shares)	Shareholding %
Mayer Corporation Development International Limited (Note 3)	-	-	5,550	100%
GLORY WORLD DEVELOPMENT LIMITED	Director	Ta-Teng Cheng	8,882	50.21%
Vietnam Mayer Corp., Ltd.	Chairman (President) Director	Mayer Steel Pipe Corporation Representative: Hua-Tsan Wu Mayer Steel Pipe Corporation Representative: Chun-Fa Huang, Ta-Teng Cheng, Chen-Chang Huang	0	100%
Meikung Development Co., Ltd.	Chairman Director Supervisor	Mayer Steel Pipe Corporation Representative: Chun-Fa Huang Representative: Min-Chih Hsiao, Yung-Chieh, Huang Representative: Chun-Chao, Huang	505,000	100%
Miramar Development Limited	Director	Mayer Steel Pipe Corporation Representative: Chun-Fa Huang	17,100	90%
Mayer Inn Corporation	Chairman Supervisor President	Mayer Steel Pipe Corporation Representative: Chun-Fa Huang Representative: Min-Chih Hsiao (N/A)	20,000	100%
Mei Yi Construction Co., Ltd.	Chairman Director Supervisor	Yuan Mei Industrial Co., Ltd. Representative: Hou-Yi Wu Mayer Steel Pipe Corporation Representative: Min-Chih Hsiao, Hsiu-Ling, Lai Yu-Chi, Huang	1,800	90%
Sinowise Development Limited	Director	Ta-Teng Cheng	7,550	100% (Note 2)
Elternal Galaxy Limited	Director	Ta-Teng Cheng	9,350	100% (Note 2)
Grace Capital Group Limited	Director	Ta-Teng Cheng	70	100% (Note 2)

Note 1: Except for Vietnam Mayer Corp., Ltd. and Mayer Inn Corporation, other affiliated companies do not have a President.

Note 2: Refer to the shareholding of the Company's subsidiary, Glory World Development Limited.

Note 3: Mayer Corporation Development International Limited (BVI) was ruled by a court in the British Virgin Islands (BVI) to enter into liquidation proceedings and appointed a liquidator on March 27, 2017, resulting in the loss of control of the Company. The company was not included in the preparation of the consolidated report as of March 27, 2017.

6. Business Overview of Affiliates

December 31, 2022 Unit: NT$ thousands

Enterprise name	Capital Stock	Total assets	Total liabilities	Net Worth	Revenue	Operating Profit	Current profit (loss) (after tax)	Earnings per share (after tax) (NT$)
Mayer corporation Development	179,450	0	0	0	0	0	0	0.00
GloryWorld Development Limited	516,097	436	21,126	(20,690)	0	0	(1,611)	(0.09)
Vietnam Mayer Corp., Ltd.	209,412	236,828	19,245	217,583	337,994	32,491	30,266	0.00
Meikung Development Co., Ltd.	505,000	541,232	98	541,134	1,506	55	266	0.00
Miramar Development Limited	554,359	16,677	71	16,606	0	(122)	131	0.01
Mayer Inn Corporation	200,000	706,627	559,026	147,601	67,837	(36,999)	(51,398)	(2.64)
Mei Yi Construction Co., Ltd.	20,000	19,833	50	19,783	0	(180)	(137)	0.00
Sinowise Development Limited	236,731	0	790	(790)	0	0	0	0.00
Elternal Galaxy Limited	291,617	213	17,854	(17,641)	0	(1,607)	(1,607)	(0.17)
Grace Capital Group Limited	2,099	785	989	(204)	0	0	0	0.00

Note: Mayer Corporation Development International Limited (BVI) was ruled by a court in the British Virgin Islands (BVI) to enter into liquidation proceedings and appointed a liquidator on March 27, 2017, resulting in the loss of control of the Company. The company was not included in the preparation of the consolidated report as of March 27, 2017.

(II).Consolidated financial statement of affiliates: Omitted.

According to Note 4 of (88) Tai-Cai-Zheng No. 04448 Letter, the consolidated financial statements of affiliates are not prepared.

(III) Relationship report of affiliates: None.

Statement of Declaration

In 2022 (from January 1 to December 31, 2022), the Company's entities that are required to be included in the consolidated financial statements of affiliated enterprises under the "Criteria Governing Preparation of Consolidated Business Report of Affiliated Enterprises, Consolidated Financial Statements of Affiliated Enterprises, and Affiliation Reports" are the same as those required to be included in the parent-subsidiary consolidated financial statements under the Accounting Standards 7. Moreover, the related information required to be disclosed for the consolidated financial statements of affiliated enterprises has been fully disclosed in the aforementioned parent-subsidiary consolidated financial statements. Consequently, a separate set of consolidated financial statements of affiliated enterprises is not prepared.

HEREBY DECLARE THAT

Company Name: Mayer Steel Pipe Corporation
Person in charge: Chun-Fa Huang

March 13, 2023

II. For private issuance of marketable securities in the most recent year and up to the publication date of the Annual Report, the Company shall disclose the approval date and amount of the shareholders' meeting or the Board of directors meeting, the basis and rationale of the pricing, the selection method of specific person and the necessary reasons for private issuance: None.

III. Holding or disposal of the Company's shares by subsidiaries in the most recent year up to the date of publication of the Annual Report: None.

IV. Other supplementary disclosure:

On September 11, 2019, personnel were dispatched to the Company by the prosecutors to conduct searches, and the Company fully cooperated in the investigation process and provided all necessary information. On May 10, 2023, the Chairman of the Board of Directors of the Company received a non-prosecution sanction from the prosecutor of Taiwan Taipei District Prosecutors Office in connection with the iron mine transaction between Elternal and VMHC, the thermal coal mine transaction between Sinowise and DNR, and the manganese mine transaction between Mayer and CIBRA in accordance with Article 252 paragraph 10 of The Code of Criminal Procedure, which had no impact on the company's finances and operations.

V. Events during the most recent year and up to the date of publication of the Annual Report that had a significant impact on the shareholders' equity or securities prices as stated in Article 36.3.2 of the Securities and Exchange Act: None.

Mayer Steel Pipe Corporation

Chairman Chun-Fa Huang