

Stock Code: 2006



Tung Ho Steel Enterprise Corporation

Tung Ho Steel Enterprise Corporation

Meeting Handbook Annual Meeting of Shareholders 2024 May 24, 2024

Date: May 24, 2024 (Friday), 9:30 AM

**Location: Miaoli Plant of Tung Ho Steel Enterprise Corporation at No. 22, Pingding, Erhu Vil., Xihu
Township, Miaoli County**

Notice to Reader:

For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.

Annual Meeting of Shareholders 2024

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Proceedings of the 2024 Annual Meeting of Shareholders

Date: May24, 2024 (Friday), 9:30 AM

Meeting Format: Physical Shareholders' Meeting

Location: No. 22, Pingding, Erhu Vil., Xihu Township, Miaoli County

Miaoli Plant of Tung Ho Steel Enterprise Corporation

Meeting Procedure

I. Call Meeting to Order

II. Chairperson's Remarks

III. Reports

- (I) 2023 Annual Business Report.**
- (II) The Report on the 2023 Annual Financial Statement Reviewed by the Audit Committee.**
- (III) Report on Cash Dividends from Earnings for 2023.**
- (IV) 2023 Annual Report on the Distribution of Remuneration to Employees and Directors.**
- (V) Annual Report on the 2023 Remuneration Received by Directors.**
- (VI) Report on Communication between Audit Committee and Internal Audit Supervisor.**
- (VII) 2023 Annual Report on Major Transactions with Related Parties.**
- (VIII) Report on Amendments to the "Rules of Procedure for the Board of Directors Meeting".**
- (IX) Report on Amendments to the "Ethical Corporate Management Best Practice Principles".**

IV. Ratifications

- (I) Ratified the 2023 Annual Business Report and Financial Statement.**
- (II) Ratified the Table of the Distribution of Earnings for 2023.**

V. Matters for Discussion: Proposed amendments to the "Procedures for Handling Derivative Commodity Transactions".

VI. Extempore motions

VII. Meeting adjourned

Reports

(I) 2023 Annual Business Report.

Description:

1. The Company mainly engages in the production and sales of rebar, H-beam, steel plate and channel steel. The production and sales volume in 2023 and 2022 are listed in the following table:

Unit: metric tons

	Production volume			Sales volume		
	2023	2022	Growth rate	2023	2022	Growth rate
Billet	1,901,382	1,912,605	(0.59%)	13,991	52,621	(73.41%)
Rebar	1,471,113	1,160,164	26.80%	1,449,920	1,213,895	19.44%
H-beam	503,887	486,070	3.67%	512,006	517,571	(1.08%)
Steel plate	102,264	110,159	(7.17%)	83,692	85,958	(2.64%)
Channel	42,554	29,971	41.98%	39,849	33,947	17.39%
I-Beam	2,395	1,328	80.35%	2,376	1,330	78.65%
Sale and purchase of steel	0	0	0.00%	2,143	9,132	(76.53%)
Steel sheet piles	746	5,464	(86.35%)	1,049	5,923	(82.29%)
Total	4,024,341	3,705,761	8.60%	2,105,026	1,920,377	9.62%

2. The net operating income of parent company only and consolidated financial statements for 2023 and 2022 are as follows:

Unit: Thousands of New Taiwan Dollars

	2023	2022	Growth rate
Parent company only operating income	49,355,594	47,003,192	5.00%
Consolidated operating income (note)	61,505,649	59,972,121	2.56%

Note: It includes continuing operations and discontinued operations in 2023.

3. Please refer to Attachment 1 (Page 13) for the business report.
4. Please take a look at it.

(II) The Report on the 2023 Annual Financial Statement Reviewed by the Audit Committee.

Description:

1. The Report on the 2023 Annual Financial Statement has been checked and signed by CPAs Isabel Lee and Hui-Chih Kou of KPMG in Taiwan, and has been reviewed by the Audit Committee. The CPAs' audit report and the Audit Committee's review report have been issued respectively. Please refer to Attachment 2 (p.17) and Attachment 3 (p.27) for more information.
2. Please take a look at it.

(III) Report on Cash Dividends from Earnings for 2023.

Description:

1. In accordance with Article 28-1 of the Company's Articles of Association, if the distribution of profits is made in cash, it shall be authorized by the Board of Directors with the resolution of more than 2/3 of the directors present and the approval of more than half of the directors present, and report to the Shareholders' Meeting.
2. A cash dividend of NT\$3,066,898,036, or NT\$4.20 per share, was approved by the resolution of the 7th meeting of the 25th term of the Board of Directors.
3. Cash dividends of less than NT\$1 shall be tallied and listed under stockholders' equity.
4. If there is any subsequent change in the number of outstanding shares for other reasons, the chairman of the Board of Directors is authorized to adjust the allotment rate for shareholders.
5. As resolved by the Board of Directors, the ex-dividend date of the cash dividend was set as March 30, 2024 and the payment date was set as April 26, 2024.
6. Please take a look at it.

(IV) 2023 Annual Report on the Distribution of Remuneration to Employees and Directors.

Description:

1. Pursuant to Article 28 of the Articles of Association.
2. As approved by the Board of Directors, 2.5% of the Company's profit for 2023 shall be appropriated as employee remuneration and 2% as directors' remuneration, respectively. The remuneration shall be paid in cash, excluding employees of subsidiaries.
3. The total employee remuneration for 2023 was NT\$149,341,954 and the total remuneration to directors and supervisors was NT\$119,473,563.
4. Please take a look at it.

(V) Annual Report on the 2023 Remuneration Received by Directors.

Description:

1. Please refer to Attachment 4 (page 28) for 2023 Annual Report on the Remuneration Received by Directors.
2. Director's remuneration policy:
 - (1) In accordance with Article 28 of the Articles of Association, no more than 2% of the current year's profits shall be appropriated as directors' remuneration, depending on the performance evaluation results of each director in the current year.

Pursuant to Article 10 of the Company's "Rules for Performance Evaluations of the Board of Directors", the performance evaluation results of directors shall be taken as the reference for determining their remuneration. On December 31, 2019, the resolution of the 18th meeting of the 23rd term of the Board of Directors approved the methods for the calculation and distribution of directors' salaries and remuneration, which included the directors' performance evaluation results:

Directors' remuneration = Amount of distributable directors' remuneration x The ratio of shares held by some directors to shares held by all directors x The distribution ratio based on director performance evaluation.

The payout ratio for director performance assessment is calculated based on the evaluation results according to Article 9 of the Rules of the Performance Evaluation of the Board of Directors: for those who are "superior to the standard" or "above the standard", the distribution rate is 100%; for those who "meet the standard", the distribution rate is 90%; for those who "fail to meet the standard", the distribution rate is 80%, and for those who "need to make improvement", the distribution rate is 70%.

Each director's self-evaluation results in 2023 are shown in the table below, and all evaluations are rated as "superior to the standard".

6 major aspects of self-evaluation	Number of questions	Proportion	Average score
A. Familiarity with the goals and missions of the company	5	16.67%	4.91
B. Awareness of the duties of a director	5	16.67%	4.98
C. Participation in the operation of the company	10	33.33%	4.83
D. Management of internal relationship and communication	4	13.33%	4.94
E. The director's professionalism and continuing education	3	10.00%	4.74
F. Internal control	3	10.00%	4.93
Total/average score	30	100.00%	4.89

- (2) Besides, in accordance with Article 22-1 of the Company's Articles of Association, the Remuneration and Nominating Committee recommends monthly fixed remuneration with reference to the standards of relevant peers and listed companies and the responsibilities of directors, and submit it to the board meeting for approval.
 - (3) In addition to the fixed monthly remuneration, the directors shall receive a monthly attendance fee based on the actual number of meetings attended.
 - (4) If concurrently serving as a member of the various functional committees of the Company, the director shall be paid a fixed monthly remuneration and attendance fees in accordance with the actual number of meetings attended.
3. Independent director's remuneration policy:
- (1) Independent directors receive monthly fixed remuneration and do not participate in the distribution of earnings, and are paid attendance fees on a per-meeting basis based on the actual number of meetings attended.

- (2) The above fixed remuneration is based on each independent director's participation in and contribution to the Company's operations and the value of their contributions to the Company. It is proposed to the Board of Directors after evaluation and discussion by the Remuneration and Nominating Committee, taking into account the payout to listed companies in the same industry and related industries.
- (3) For serving as a member of each functional committee of the Company, the functional committee member shall be paid a fixed monthly remuneration and shall be paid attendance fees in accordance with the actual number of meetings attended.
4. Please take a look at it.

(VI) Report on Communication between Audit Committee and Internal Audit Supervisor.

Description:

1. The internal audit supervisor of the Company sends the relevant materials regarding the internal audit reports to the independent directors for review every month, and the independent directors guide the internal audit unit through the communication mechanism. Please refer to Attachment 5 (page 30) for the key summary of the communication between the Audit Committee and the internal audit supervisor in 2023.
2. Please take a look at it.

(VII) 2023 Annual Report on Major Transactions with Related Parties.

Description:

1. In accordance with Article 17 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Company has established procedures for financial transactions and operations with related parties.
2. According to the procedures, the Company purchases and sells goods, conducts labor or technical service transactions with related parties. The estimated annual transaction amount reaches 5% of the company's latest consolidated total assets or the consolidated net operating income in the most recent year. Except for the transactions that are governed by the regulations for handling the acquisition or disposal of assets by list companies, or the transactions between the Company, and subsidiaries, the information required by the procedures shall be submitted to the Board of Directors for approval before the transaction and reported to the Shareholders' Meeting at the end of the year.
3. In 2023, there were no major transactions with related parties that were required to be reported to the Shareholders' Meeting in accordance with the procedures.
4. Please take a look at it.

(VIII) Report on Amendments to the "Rules of Procedure for the Board of Directors Meeting".

Description:

1. In accordance with Articles 12 and 13 of the amended Regulations Governing Procedure for Board of Directors Meetings of Public Companies as announced by the Financial Supervisory Commission on January 11, 2024, as well as the renaming of a functional committee of the Company, the Rules of Procedure for the Board of Directors Meeting were partially amended.

2. Please refer to Attachment 6 (page 32) for the comparison of provisions before and after the amendment to the “Rules of Procedure of the Board Meeting”.
3. Please take a look at it.

(IX) Report on Amendments to the “Ethical Corporate Management Best Practice Principles”.

Description:

1. In accordance with the renaming of a functional committee of the Company, the “Ethical Corporate Management Best Practice Principles” were partially amended.
2. Please refer to Attachment 7 (page 34) for the comparison of provisions before and after the amendment of the “Ethical Corporate Management Best Practice Principles”.
3. Please take a look at it.

Ratifications

(I) Ratified the 2023 Annual Business Report and Financial Statement. (Board of directors' proposal)

Description:

1. The accountants and auditcommittee found no discrepancies in the Company's 2023 business report and financial statements (including the consolidated financial statements). Please refer to Attachment 1 (Page 13) and Attachment 8 (Page 35).
2. Please ratify it.

Resolution:

(II) Ratified the Table ofthe Distribution of Earnings for 2023. (Board of directors' proposal)

Description:

1. The Company's net income before tax for 2023 was NT\$5,704,862,650. In addition, income tax expense was recognized as NT\$975,517,018 and net profit after tax was NT\$4,729,345,632 in accordance with Bulletin No. 12 of International Financial Reporting Standards.
2. For the year 2023, except for the distribution of cash dividends, the remaining items in the surplus distribution include the legal reserve provided, the reduction of equity in the special reserve reversed, a special reserve provided in response to climate change adaptation and mitigation, and the re-measurement of changes in declared benefit plans for the current period. Please refer to Attachment 9 (Page 43) for the items and descriptions.
3. Please ratify it.

Resolution:

Matters for Discussion

Amendment to the “Procedures for Handling Derivative Commodity Transactions”. (Board of directors’ proposal)

Description:

1. In accordance with the provisions of Section 4, Article 19 and Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, publicly issued companies engaging in derivative trading should incorporate transaction principles, policies, and risk management measures into their processing procedures. Therefore, in order to comply with regulatory requirements and meet the operational needs of the Company’s derivative trading, certain articles of the “Procedures for Handling Derivative Commodity Transactions” are hereby amended.
2. Please refer to Attachment 10 (Page 45) for the Comparison Table of Amendments to the “Procedures for Handling Derivative Commodity Transactions”.
3. Please discuss it.

Resolution:

Extempore motions

Meeting adjourned

Attachments

Tung Ho Steel Enterprise Corporation Business Report

Dear Shareholders,

The global economy has experienced significant turbulence and impact over the past three years due to the COVID-19 pandemic and two years of interest rate hikes. In 2023, the global economic situation has been impacted by aggressive interest rate hikes by the Federal Reserve, leading to a crisis of bankruptcies among regional and small-to-medium-sized banks and downgrades in sovereign credit ratings. The risk of an economic hard landing remains a constant concern. Mainland China is facing the largest real estate bubble crisis in history, which is severely impacting the entire East Asia region due to its sluggish economy. The European economy has experienced a significant rebound after the end of the pandemic, with prices also rising sharply. However, demand remains sluggish and the job market is weak. The military conflict between Israel and Palestine has once again cast a shadow of geopolitical risk over the world. Due to the rapid increase in interest rates by central banks around the world and the escalation of geopolitical conflicts, economic growth in various countries has slowed down.

Taiwan's economy is facing the challenge of strong domestic demand but weak investment and exports. In terms of domestic demand, there is strong momentum in private consumption after the pandemic, with people returning to normal life. Particularly, the food and beverage, leisure and entertainment, and domestic and international tourism sectors are thriving. International flights and domestic rail and bus passenger volumes have also shown significant growth. In addition, the stock market is performing well, insurance claims related to epidemic prevention are creating funds, and both online and offline retail industries are flourishing. In terms of private investment, the rising cost of investment funds is attributed to the impact of monetary tightening policies. Against the backdrop of weak global economic demand, corporate investment has been relatively sluggish. In terms of exports, the performance has been weak due to insufficient terminal demand, deferred inventory destocking, and the impact of China's sluggish economy.

The main challenges facing the global steel industry include the energy crisis, the Russo-Ukrainian War, a high interest rate environment, inflation, and high inventory levels. Overall, the negative factors have decreased compared to last year. At the beginning of the year, it was believed that the global steel demand had passed its trough, with hopes that the economic recovery after the lifting of restrictions in mainland China would drive steel demand. However, due to the global rise in interest rates and the successive financial crises in leading real estate groups in mainland China, the real estate demand remained weak, and China's steel industry was also impacted. Due to the sluggish demand for steel in China, the steel industry in neighboring countries has also been affected. The influx of discounted steel materials into countries worldwide has led to a downturn in the global steel market.

Taiwan's domestic steel market is affected by continuous weak demand in European and American markets; China's economic recovery after the lockdown measures were lifted is less than expected, and the deterioration of the real estate market. It has also caused a significant increase in China's steel exports, affecting international prices. Taiwan's measures to curb the overheating of the housing market before the government election continue, and the floor area has declined significantly in 2023, the domestic construction market has been relatively affected.

The Company's steel bar market continues to benefit from the demand for public projects and large factory and commercial office building construction projects. At the same time, the Daye Plant was put into operation, and with the sales team's sales strategy, we have further improved the overall operating performance, and many indicators, such as production and sales, have reached record highs. Both operations and profit performed well, and we delivered outstanding results that were better than expected. Owing to the effective management of sales, procurement and production and the balance between the volume and price, the Company can maintain stable and good profits even in unfavorable

economic conditions and in the context of sharp price fluctuations. In addition, the investee, Tung Kang Steel Structure Corporation has continued to receive a high volume of orders, achieving record-breaking levels of shipments and profits. Although our Vietnamese subsidiary has been affected by the local housing crisis this year, the situation has gradually stabilized due to the local government's stimulus policies and interest rate reduction. As a result, the demand for steel has recovered steadily. Furthermore, the local steel market in Vietnam continued to improve in the fourth quarter, and the appreciation of the Vietnamese dong has significantly reduced our exchange losses, effectively controlling the losses for this year. The performance of other investees in 2023 has also been impressive, providing a considerable boost to the Company's profit for this year.

The consolidated operations and results of the Company and its main investees in 2023 are as follows:

I. Results of Production and Sales

Unit: Thousands of New Taiwan Dollars

	Production value			Sales value		
	2023	2022	Growth rate	2023	2022	Growth rate
Billet	41,873,923	41,464,939	0.99%	256,670	1,046,771	-75.48%
Rebar	32,135,590	27,874,635	15.29%	35,282,556	32,392,188	8.92%
H-beam	10,739,922	10,769,651	-0.28%	12,510,762	13,753,965	-9.04%
Steel plate (self-made)	2,148,766	2,431,847	-11.64%	1,081,823	1,409,283	-23.24%
Steel plate (transaction)	0	0	0.00%	3,198	49,837	-93.58%
Channel	991,574	726,440	36.50%	1,053,035	971,708	8.37%
I-Beam	54,115	31,217	73.35%	83,215	43,701	90.42%
Steel structure	8,348,389	7,983,386	4.57%	10,002,880	9,084,196	10.11%
Environmental protection processing	320,527	238,074	34.63%	320,527	238,074	34.63%
Steel sheet piles	16,477	127,886	-87.12%	30,345	186,102	-83.69%
Construction revenues	547,006	313,545	74.46%	511,364	251,812	103.07%
Others	446,623	712,388	-37.31%	369,274	544,484	-32.18%
Total	97,622,912	92,674,008	5.34%	61,505,649	59,972,121	2.56%

Note: It includes continuing operations and discontinued operations in 2023.

II. Profitability Analysis:

Unit: Thousands of New Taiwan Dollars

	2023			2022			Growth rate
	Continuing operations	Discontinued operations	Subtotal	Continuing operations	Discontinued operations	Subtotal	
Operating revenue	60,961,908	543,741	61,505,649	59,217,013	755,108	59,972,121	2.56%
Operating costs	52,315,715	428,296	52,744,011	51,767,274	691,821	52,459,095	0.54%
Gross profit	8,646,193	115,445	8,761,638	7,449,739	63,287	7,513,026	16.62%
Operating expenses	2,647,493	38,934	2,686,427	2,331,958	-5,481 (Note)	2,326,477	15.47%

	2023			2022			Growth rate
	Continuing operations	Discontinued operations	Subtotal	Continuing operations	Discontinued operations	Subtotal	
Net operating profit	5,998,700	76,511	6,075,211	5,117,781	68,768	5,186,549	17.13%
Net profit before tax	6,002,021	75,680	6,077,701	5,236,932	83,229	5,320,161	14.24%
Net income after tax	4,709,125	50,695	4,759,820	3,943,619	67,150	4,010,769	18.68%

Note: Gain on expected credit reversal as a deduction in operating expenses.

III. Financial structure and profitability analysis:

Analysis Item		Year	2023	2022
Financial structure	Debt-to-assets ratio (%)		44.73	47.20
	Long-term fund to fixed assets ratio (%)		174.43	160.50
Profitability	Return on assets (%)		9.19	7.72
	Return on shareholder's equity (%)		15.85	13.68
	Paid-in capital ratio (%)	Operating income	82.15	71.03
		Income before tax	82.20	72.86
	Net profit ratio (%)		7.81	6.69
	Earnings per share (NT\$)		6.48	5.47

IV. Overview of Technology and R&D

The Company's research and development expenses for 2023 was NT\$39,510,316, equivalent to 0.06% of the revenue. The research and development (R&D) achievements in steel refining included the development of high purity and high toughness billets and 50mm SM570 steel plates for billet refining, continuous development of ultra-high strength steel materials and high-grade shipbuilding steel varieties, testing of various consumables and refractory materials, and R&D of electric furnace (waste gas detection, furnace combustion and carbon injection dynamic control, waste gas and waste heat recovery ORC power generation, low-carbon green process, and scrap steel preheating and continuous feeding). The R&D achievements of steel rolling included the development of the continuous rolling of rebar for billet welding, the direct rolling with low energy consumption, the direct rolling process to improve the strength of the ultra-high strength shock-resistant rebar at least 1.6 times, the UE (Universal Edging) special rolling of H-beams with B-value $\geq 300\text{mm}$ and the development of automatic dimensional measurement and surface defect detection system for H-beams/steel plates; as well as the development of intelligent combustion control system for heating furnaces, the rolling of round bars using the serial reciprocating universal rolling mill, the production of small-scale steel materials domestically, and the development of ultra-high strength steel materials. Other R&D achievements included the development of AI technology applications and AI chemical plant technology, comprehensive and innovative solutions for the steel industry's circular economy, planning and research on renewable energy (solar, wind and biogas power generation), planning and research on energy storage system, the application of carbon capture, utilization and storage (CCUS) technology, and the application of hydrogen energy technology. The main R&D projects of the Company in 2024 include: 1. adoption of oxygen-enriched combustion technology for the preheater of the steel drum., 2. development of closed-loop carbon reduction technology for by-products of electric furnaces., 3. development of high-temperature multi-function thermal interface design and material technology., 4.

development of automated equipment for billet identification and tracking., 5. development of automated equipment for automatic arm of continuous casting machine and LD sliding gate maintenance., 6. development of automated equipment for finished product labeling, 7. establishment of industrial big data energy management system., 8. development of integrated software for steel plate production., 9. development of automation enhancement plan for finished product warehouse entry and management.

The Company's business development strategy is to constantly improve technical capabilities, enhance management efficiency, lower production costs, and coordinate production, sales, and purchases to strengthen the competitive advantage in the domestic market, actively explore new markets and new clients abroad, research and develop new steel products and applications, and deepen key techniques to create advanced manufacturing processes, to promote environmental protection and greenhouse gas emissions reduction, to embrace the low-carbon trend, and to build a solid foundation for sustainable management.

Looking ahead to 2024, the weak Chinese economy, slowing U.S. economy, recession in Europe, adjustments to the yield curve by Japanese banks, global interest rate cuts, escalating geopolitical conflicts, intensifying US-China technology war, potential reoccurrence of supply chain crises under extreme weather conditions, and the development of AI, among other factors, may indirectly impact the economic growth and industrial development of Taiwan and the world, either positively or negatively. Although the demand for construction steel in the domestic market has been suppressed by the government to cool down the overheated housing market and reduce the floor area approved for buildings, Taiwan's fundamentals remain strong. The cumulative construction areas approved over the past three years is still high, the labor shortage issue continues, and there is still demand for factory buildings and large commercial office buildings. Therefore, the Company remains cautiously optimistic about the outlook for 2024. Global net-zero emissions have become a trend, and Taiwan has also passed the Climate Change Response Act in January of 2023 and will officially implement carbon fees in 2025. The Company has actively initiated programs, such as carbon footprint inventory and energy conservation to reduce carbon emissions. Although the standards for carbon fee collection and other related measures have not been finalized, the Company is aware of the potential impact on costs. In addition, the main risks and concerns in the Company's operations lie in the fluctuations of raw material costs and steel prices, which, if not properly managed, can lead to potential losses. In the face of rapid changes in the global political and economic landscape and Taiwan's steel market, the Company's management remains cautious and vigilant, ready to adapt at any time. I believe that with the concerted efforts of all employees, the crisis will be turned into a turning point, and we are bound to have good performance in business this year. The management team will still uphold the spirit of self-discipline, love for intelligence, and optimism, strengthen competitiveness, lower costs, enhance management, strive to develop new markets and products, improve performance, and create maximum value for shareholders.

Best wishes to all shareholders

May you be blessed with good health and good luck

Chairman:

Manager:

Head of Accounting:

Independent Auditors' Report

To the Board of Directors of Tung Ho Steel Enterprise Corporation:

Opinion

We have audited the financial statements of Tung Ho Steel Enterprise Corporation (“the Company”), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the 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 of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements as of and for the year ended December 31, 2023. 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 for the Company’s financial statements are stated as follows:

1. Revenue recognition

Please refer to Note 4(n) “Revenue recognition” and Note 6(u) “Revenue from contracts with customers” in the parent company only financial statements.

Explanation of the key audit matter:

The Company mainly manufactures and sells deformed bars and sections. Revenue recognition is one of the key areas for our audit, and is where on which the report users and receivers pay great concern on. As a result, the test on revenue recognition is one of the key judgmental areas in our audit.

Our principal audit procedures included:

- assessing whether appropriate revenue recognition policies were applied and whether sufficient information was disclosed ;
- testing the manual or systems-based controls on its sales and collection cycle, perform reconciliations between the information from sales systems and the general ledger ;
- reading the sales contracts with significant clients and testing the consistency of their accounting policy ;
- performing year-to-year analysis on the revenue by product and the revenue from the top ten customers with the largest sales volume to determine if there were any abnormalities ;
- taking appropriate samples, verifying the relevant internal and external information, and confirming whether the control of goods has already been transferred to the buyer, as well as assessing the appropriateness of the timing and amount of revenue recognition ;
- vouching internal and external information of sales in the selected period before and after the reporting date (the length of the period was determined based on the sales terms) to determine whether sales revenue were recorded in the appropriate period.

2. Valuation of inventories

Please refer to Note 4(g) “Inventories”, and Note 6(f) “Inventories” in the parent company only financial statements.

Explanation of the key audit matter:

Due to the changes in the international trade environment and the impact of price fluctuations on the raw materials and finished products of the steel industry, the risk that the book value of the inventory to be higher than the net realizable value may arise. Therefore, the valuation of inventories is one of the key judgmental areas in our audit.

Our principal audit procedures included:

- assessing the rationality of accounting policies for inventory valuation ;
- assessing whether the valuation of inventory has been in accordance with the established accounting policies ;
- understanding the sales price used by management and the changes in market price of futures inventory to assess the rationality of the net realizable value of inventories ;
- taking appropriate samples and verifying the relevant internal and external information to confirm the adequacy and reasonableness of the net realized value basis used by management ;
- assessing whether the management’s disclosure of the inventory allowance is acceptable.

3. Investments accounted for using the equity method (construction contracts in subsidiaries)

Please refer to Note 4(i) “Investment in subsidiaries” and Note 6(g) “Investment accounted for using the equity method” of the parent company only financial statements.

Explanation of the key audit matter:

Contract accounting is considered to be an audit risk to the Company's subsidiary as it requires a high degree of estimation and judgment of matters such as the costs of the work required to complete the contract, the stage of completion of the contract, as well as the recognition of onerous contract. Different judgments could lead to different outcomes, which may have an impact on the Company's shares of gain or loss on investments accounted for using the equity method on its financial statements.

Our principal audit procedures included:

- reviewing significant contracts and discussing them with the management to obtain a full understanding of the specific terms and risks, to assess whether revenue was appropriately recognized ;
- selecting a sample from the ongoing constructions to verify the costs between the estimation and the contracts, discussing with the management about the estimates for total contract costs and forecasted costs, including taking into account the historical accuracy of such estimates ;
- selecting a sample from the completed constructions to assess the settlement of revenue by examination of external evidence ;
- for warranty under the construction contracts provided to the clients by the subsidiaries, obtaining the estimated warranty costs, vouching internal and external data to assess the rationality of the estimates and whether there are any abnormalities in the provisions estimated by the management ;
- assessing whether the loss recognized for onerous contracts appropriately reflect the expected contractual position.

4. Investments accounted for using the equity method (Impairment of property, plant and equipment in subsidiaries)

Please refer to Note 4(i) "Investment in subsidiaries" and Note 6(g) " Investment accounted for using the equity method" of the parent company only financial statements.

Explanation of the key audit matter:

Assets impairment accounting is considered to be an audit risk to the Company's subsidiary as it requires a high degree of estimation and judgment of matters such as determination of discount rates and expected growth rates. Different judgments could lead to different outcomes, which may have an impact on the Company's shares of gain or loss on investments accounted for using the equity method on its financial statements.

Our principal audit procedures included:

- obtaining the future cash flow forecast and the evaluation of the discount rate of the Vietnam subsidiary of the Company ;
- discussing with the management and raising professional skepticism of the significant key judgments used in forecasting future cash flows ;
- understanding whether the reference basis of the discount rate used by the Company's management is consistent, and comparing it with relevant internal and external information, evaluating whether the discount rate used by the management is reasonable. In addition, performing recalculation process on the value in use of the assets calculated by the Company's management.

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 a 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 the audit committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 Lee, Tzu-Hui and Ko, Hui-Chih.

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2024

Notes to Readers

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

The independent auditors' audit report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent company only financial statements, the Chinese version shall prevail.

Independent Auditors' Report

To the Board of Directors of Tung Ho Steel Enterprise Corporation:

Opinion

We have audited the consolidated financial statements of Tung Ho Steel Enterprise Corporation (“the Company”) and its subsidiaries (“the Consolidated Company”), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Consolidated Company as of December 31, 2023 and 2022, 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 with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of 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 Consolidated 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 of 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 as of and for the year ended December 31, 2023. 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 for the consolidated financial statements are stated as follows:

1. Revenue recognition

Please refer to Note 4(p) “Revenue recognition” and Note 6(v) “Revenue from contracts with customers” in the consolidated financial statements.

Explanation of the key audit matter:

The Consolidated Company mainly manufactures and sells deformed bars and sections. Revenue recognition is one of the key areas for our audit, and is where on which the report users and receivers pay great concern on. As a result, the test on revenue recognition is one of the key judgmental areas in our audit.

Our principal audit procedures included:

- assessing whether appropriate revenue recognition policies were applied and whether sufficient information was disclosed ;
- testing the manual or systems-based controls on its sales and collection cycle, perform reconciliations between the information from sales systems and the general ledger ;
- reading the sales contracts with significant clients and testing the consistency of their accounting policy;
- performing year-to-year analysis on the revenue by product and the revenue from the top ten customers with the largest sales volume to determine if there were any abnormalities ;
- taking appropriate samples, verifying the relevant internal and external information, and confirming whether the control of goods has already been transferred to the buyer, as well as assessing the appropriateness of the timing and amount of revenue recognition ;
- vouching internal and external information of sales in the selected period before and after the reporting date (the length of the period was determined based on the sales terms) to determine whether sales revenue were recorded in the appropriate period.

2. Valuation of inventories

Please refer to Note 4(h) “Inventories” and Note 6(f) “Inventories” in the consolidated financial statements.

Explanation of the key audit matter:

Due to the changes in the international trade environment and the impact of price fluctuations on the raw materials and finished products of the steel industry, the risk that the book value of the inventory to be higher than the net realizable value may arise. Therefore, the valuation of inventories is one of the key judgmental areas in our audit.

Our principal audit procedures included:

- assessing the rationality of accounting policies for inventory valuation ;
- assessing whether the valuation of inventory has been in accordance with the established accounting policies ;
- understanding the sales price used by management and the changes in market price of futures inventory to assess the rationality of the net realizable value of inventories ;
- taking appropriate samples and verifying the relevant internal and external information to confirm the adequacy and reasonableness of the net realized value basis used by management ;
- assessing whether the management’s disclosure of the inventory allowance is acceptable.

3. Construction contracts

Please refer to Note 4(p) “Revenue recognition — Construction contracts” Note 5(c) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty on construction contracts”, and Note 6(v) “Revenue from contracts with customers” of the consolidated financial statements.

Explanation of the key audit matter:

Contract accounting is considered to be an audit risk to the Consolidated Company as it requires a high degree of estimation and judgment of matters, such as the costs of the work required to complete the contract, the stage of completion of the contract, as well as the recognition of onerous contract. Different judgments could lead to different outcomes, leading to different profit or loss and revenue being reported in the consolidated financial statements.

Our principal audit procedures included:

- reviewing significant contracts and discussing them with the management to obtain a full understanding of specific terms and risks, to assess whether revenue was appropriately recognized ;
- selecting a sample from the ongoing constructions to verify the costs between the estimation and the contracts, discussing with the management about the estimates for total contract costs and forecasted costs, including taking into account the historical accuracy of such estimates ;
- selecting a sample from the completed constructions to assess the settlement of revenue by examination of external evidence ;
- for warranty under the construction contracts provided to the clients, obtaining the estimated warranty costs, vouching internal and external data to assess the rationality of the estimates and whether there are any abnormalities in the provisions estimated by the management ;
- assessing whether the loss recognized for onerous contracts appropriately reflect the expected contractual position.

4. Impairment of property, plant and equipment

Please refer to Note 4(n) “Impairment of non-financial assets”, Note 5(b) “Impairment evaluation of property, plant and equipment”, and Note 6(i) “Property, plant and equipment” of the consolidated financial statements.

Explanation of the key audit matter:

The subsidiary in Vietnam of Tung Ho Steel Enterprise Corporation is facing an assets impairment issue due to the impact of the local market. The subsidiary regularly evaluates whether there is any indication of impairment of non-financial assets such as property, plant and equipment, based on the value in use and industry characteristics to estimate the recoverable amount of property, plant and equipment. The estimation involves numbers of assumptions, including the determination of discount rates and expected growth rates, subject to subjective judgment and uncertainty. Therefore, the assessment of impairment is one of the important evaluation matters in auditing the consolidated financial report of Tung Ho Steel Enterprise Corporation and its subsidiaries.

Our principal audit procedures included:

- obtaining the future cash flow forecast and the evaluation of the discount rate of the Vietnam subsidiary of the Company ;
- discussing with management, and raising professional skepticism of the significant key judgments used in forecasting future cash flows ;
- understanding whether the reference basis of the discount rate used by the Company's management is consistent, and comparing it with relevant internal and external information, evaluating whether the discount rate used by the management is reasonable. In addition, performing recalculation process on the value-in-use of the assets calculated by the Company's management.

Other Matter

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, 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 IFRSs, IASs, IFRC, 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 Consolidated 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 Consolidated Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 professional skepticism throughout the audit. We also:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated 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 auditor's 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 auditor's report. However, future events or conditions may cause the Consolidated Company 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 Consolidated Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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 Lee, Tzu Hui and Ko, Hui-Chih.

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the 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.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

Audit Committee's Review Report

The Board of Directors made the Company's 2023 business report, financial statements (including consolidated and stand-alone financial statements) and appropriation of earnings, among which the financial statements (including consolidated and stand-alone financial statements) were certified by CPAs Cihui Li and Hui-Chih Kou of KPMG Taiwan, and the CPAs issued a review report that expresses unqualified opinion. These have been reviewed by the Audit Committee as correctly portraying ASE's business activities. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, this report is submitted for shareholder's examination.

To:

The 2024 General Shareholders Meeting of

Tung Ho Steel Enterprise Corporation

Audit Committee convener: Chia-Wen Liu

February 26, 2024

Attachment 4.

2023 Directors' Remuneration:

Title	Name	Directors' remuneration (NT\$)								Total Remuneration (A+B+C+D) and as a % of Net Income		Remuneration received as the Company's employee (NT\$)								Total Remuneration (A+B+C+D+E+F+G) and as a (%) of Net Income		Whether or not remuneration from the parent company or investee companies from outside the subsidiaries were received
		Remuneration (A)		Resignation/retirement pension (B)		Director remuneration (C)		Business execution expenses (D)				Salaries, bonuses, and special allowances (E)		Resignation/retirement pension (F)		Employee remuneration (G)						
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
Cash amount	Share value															Cash amount	Share value					
Chairman	Mao Sheng Investment Inc. Representative: Chieh-Teng Ho	2,750,000	2,750,000	0	0	34,297,415	34,297,415	65,000	83,000	0.78	0.79	0	0	0	0	0	0	0	0	0.78	0.79	0
Director	Mao Sheng Investment Inc. Representative: Po-Hsun Tung	500,000	500,000	0	0	20,006,825	20,006,825	50,000	50,000	0.43	0.43	0	0	0	0	0	0	0	0	0.43	0.43	0
Vice Chairman	Investment Co., Ltd.: Yu-Shu Ho Representative, He Zhao	850,000	850,000	0	0	52,397,066	52,397,066	50,000	50,000	1.13	1.13	0	0	0	0	0	0	0	0	1.13	1.13	0
Director	Episil Holding Incorporation Representative: Chih-Ming Huang	500,000	500,000	0	0	2,824,567	2,824,567	50,000	50,000	0.07	0.07	0	0	0	0	0	0	0	0	0.07	0.07	0
Director	Investment Co., Ltd.: Pao-He Chen Representative of Liang Cheng	500,000	500,000	0	0	6,249,550	6,249,550	50,000	50,000	0.14	0.14	0	0	0	0	0	0	0	0	0.14	0.14	0
Director	Yen-Liang Ho	500,000	500,000	0	0	3,698,140	3,698,140	50,000	50,000	0.09	0.09	0	0	0	0	0	0	0	0	0.09	0.09	0
Independent Director	Der-Ming Lieu	910,000	910,000	0	0	0	0	105,000	105,000	0.02	0.02	0	0	0	0	0	0	0	0	0.02	0.02	0
Independent Director	Chi-Kang Liu	560,000	560,000	0	0	0	0	70,000	70,000	0.01	0.01	0	0	0	0	0	0	0	0	0.01	0.01	0
Independent Director	Chia-Wen Liu	560,000	560,000	0	0	0	0	65,000	65,000	0.01	0.01	0	0	0	0	0	0	0	0	0.01	0.01	0
Total		7,630,000	7,630,000	0	0	119,473,563	119,473,563	555,000	573,000	2.68	2.69	0	0	0	0	0	0	0	0	2.68	2.69	0

1. Please describe the policy, system, criteria and structure for the remuneration of independent directors, and the relevance to the amount of remuneration paid based on the responsibilities, risks and time commitment:
 - (1) Independent directors receive monthly fixed remuneration and do not participate in the distribution of earnings, and are paid attendance fees on a per-meeting basis based on the actual number of meetings attended.
 - (2) The above fixed remuneration is based on each independent director's participation in and contribution to the Company's operations and the value of their contributions to the Company. It is proposed to the Board of Directors after evaluation and discussion by the Remuneration and Nominating Committee, taking into account the payout to listed companies in the same industry and related industries.
 - (3) For serving as a member of each functional committee of the Company, the functional committee member shall be paid a fixed monthly remuneration and shall be paid attendance fees in accordance with the actual number of meetings attended.
2. Except as disclosed in the table above, the remuneration received by the directors of the Company for services rendered to all companies listed in the financial statements (e.g. as consultants to non-employees, etc.) in the most recent year: None.

2023 Report on the Key Points of Communication between Audit Committee and Internal Audit Supervisor

Date	Communication content	Communicate situation and results	The Company's handling of the independent directors' opinions
2023.01.05 Audit Committee	In December 2022, the Committee audited business execution and tracked improvement reports of missing items, and communicated and discussed related issues.	All attending committee members have no objections and it is hereby submitted to the Board of Directors.	Acknowledged by the Board of Directors
2023.02.22 Audit Committee	Audit Report for January 2023.	All attending committee members have no objections and it is hereby submitted to the Board of Directors.	Acknowledged by the Board of Directors
	Issuance of "Statement of Internal Control System" for 2022.	All members present agreed to approve the proposal and submit it to the board of directors for resolution.	The resolution of the board of directors was approved as written.
2023.04.11 Audit Committee	In February and March 2023, the Committee audited business execution and tracked improvement reports of missing items, and communicated and discussed related issues.	All attending committee members have no objections and it is hereby submitted to the Board of Directors.	Acknowledged by the Board of Directors
2023.05.09 Audit Committee	Audit Report for April 2023.	All attending committee members have no objections and it is hereby submitted to the Board of Directors.	Acknowledged by the Board of Directors
2023.06.19 Board of Directors	Audit Report for May 2023.	All attending committee members have no objections and it is hereby submitted to the Board of Directors.	Acknowledged by the Board of Directors
2023.07.31 Audit Committee	Audit Report for June 2023.	The Audit Committee has been informed and has made the following suggestions for submission to the Board of Directors: 1. It is suggested that the Company establish relevant management mechanisms for long-term stored materials. 2. Please review the reexamination results of the defects in the THSVC report presented by the Auditing Office to the Audit Committee in October. 3. The Auditing Office is requested to provide an audit	The Board of Directors agreed to proceed in accordance with the suggestions of the Audit Committee.

Date	Communication content	Communicate situation and results	The Company's handling of the independent directors' opinions
		report to CPAs for reference on a monthly basis.	
2023.10.30 Audit Committee	Audit Report for July-October 2023.	All attending committee members have no objections and it is hereby submitted to the Board of Directors.	Acknowledged by the Board of Directors
2023.10.30 Separate Communication Symposium (post-board meeting)	The Audit Supervisor communicated separately with the independent directors on the formulation of the 2024 Annual Audit Plan and related matters.	The independent directors provided guidance on the direction for the annual audit plan for the Auditing Office's reference .	The Auditing Office will formulate the audit plan for 2024 based on the guidance and suggestions of the independent directors and submit it for discussion by the Board of Directors.
2023.12.26 Audit Committee	Audit Report for October-November 2023.	All attending committee members have no objections and it is hereby submitted to the Board of Directors.	Acknowledged by the Board of Directors
	Proposal for 2024 Audit Plan.	The Audit Committee suggested adding R&D operations to the audit plan and submitted it to the Board of Directors for resolution.	The Board of Directors agreed to proceed in accordance with the suggestion of the Audit Committee by resolution.
	Amendments to the Internal Control System and Guidelines for the Implementation of Internal Audits.	Upon discussion, it was agreed to amend some articles and submit them to the Board of Directors for resolution.	The Board of Directors agreed to proceed in accordance with the suggestion of the Audit Committee by resolution.
2023.12.26 Internal Control Seminar (After the board meeting)	The Audit Office held a discussion on internal control system review with directors (including independent directors) after the board meeting. The contents of the discussion were as follows: 1. Auditing Office's work report. 2. Report on annual audit performance. 3. Report on deficiencies found during the audit and improvement implementation. 4. Endorsements/guarantees, loan of funds and circumstances.	The independent directors present at the meeting communicated with and provided guidance to the Audit Office on relevant issues.	The directors present at the meeting communicated with and provided guidance to the Audit Office on relevant issues.

Comparison of provisions before and after the amendment of the “Rules of Procedure of the Board Meeting”

Amended articles	Existing articles	Description of Revision
Article 5 (deleted).	Article 5 For a board meeting convened by any authorized party other than the Board of Directors, the convener shall act as the meeting chairman. If there are two or more conveners at the same time, one shall be appointed among themselves to chair the meeting.	Article 2, paragraph 2 is duplicated , and this article is deleted.
Article 7 A board meeting shall be held at the place <u>and time</u> where the Company is located <u>during office hours</u> or at a place convenient for the attendance of directors and suitable for the holding of the meeting.	Article 7 A board meeting shall be held at the place where the Company is located or at a place convenient for the attendance of directors and suitable for the holding of the meeting. It shall commence after 8:00 a.m. or before 5:00 p.m.	Amended, referencing Article 4 of the Rules of Procedure of the Board of Directors for Public Companies.
Article 16 The meeting time has arrived. If more than half of the directors are absent, the chairperson may announce a postponement of the meeting <u>on the same day</u> , with a maximum of two postponements. If the second postponement is still insufficient, the chairperson shall reconvene in accordance with the procedures specified in Article 6, paragraph 2. The term “all directors” referred to in the preceding paragraph and <u>Article 22, paragraph 2, subparagraph 2</u> shall be calculated based on the actual incumbents.	Article 16 The meeting time has arrived. If more than half of the directors are absent, the chairman may announce a postponement of the meeting, with a maximum of two postponements. If the second postponement is still insufficient, the chairperson shall reconvene in accordance with the procedures specified in Article 6, paragraph 2. The term “all directors” referred to in the preceding paragraph shall be calculated based on the actual incumbents.	1. To avoid controversy caused by the uncertainty how long the meeting will be extended, it is hereby stipulated that when the number of attendees is insufficient, the chairperson may announce a deadline for postponing the meeting, limited to the same day. 2. The number in the second paragraph is calculated according to the total number of directorships as interpreted in a letter issued by the Ministry of Economic Affairs.
Article 19 The board of directors should proceed in accordance with the agenda procedures set forth in the meeting notice. However,	Article 19 The board of directors should proceed in accordance with the agenda procedures set forth in the meeting notice. However,	In consideration for the ongoing proceedings of a board meeting, in

Amended articles	Existing articles	Description of Revision
<p>with the consent of a majority of the attending directors, it may be changed. The chairperson shall not adjourn the meeting without the consent of a majority of the directors present. During the board meeting, if the number of directors present does not reach a majority, the chairperson, upon proposal by a director present, shall announce a temporary suspension of the meeting and apply the provisions of Article 16, paragraph 1 mutatis mutandis.</p> <p><u>During the meeting, if the chairperson is unable to preside over the meeting due to unforeseen circumstances or fails to adjourn the meeting as stipulated in Article 2, the appointment of an acting chairperson shall be governed by the provisions of Article 2, paragraph 3.</u></p>	<p>with the consent of a majority of the attending directors, it may be changed. The chairperson shall not adjourn the meeting without the consent of a majority of the directors present. During <u>the board</u> meeting, if the number of directors present does not reach a majority, the chairperson, upon proposal by a director present, shall announce a temporary suspension of the meeting and apply the provisions of Article 16, paragraph 1 mutatis mutandis.</p>	<p>the event that the chairperson is unable to preside over the meeting due to unforeseen circumstances or fails to adjourn the meeting as required, it is necessary to establish a designated procedure for appointing an acting chairperson to ensure the smooth operation of the board meeting.</p>
<p>Article 25 The Rules came into force on June 16, 2003. 9th amendment made on December 22, 2020. 10th amendment made on November 7, 2022. 11th amendment made on December 26, 2023. <u>12th amendment made on February 26, 2024.</u></p>	<p>Article 25 The Rules came into force on June 16, 2003. 9th amendment made on December 22, 2020. 10th amendment made on November 7, 2022. 11th amendment made on December 26, 2023.</p>	<p>The latest date of amendment is added.</p>

Comparison of provisions before and after the amendment to the “Ethical Corporate Management Best Practice Principles”

Amended articles	Existing articles	Description of Revision
<p>Article 12 Organization and Responsibility</p> <p>The directors, managers, employees, appointees, and ultimate controllers of the Company shall exercise the duty of care as a prudent manager, supervise the Company to prevent unethical conduct, and regularly review its implementation effectiveness and continuous improvement to ensure the implementation of the ethical management policy.</p> <p>The unit responsible for the Company’s ethical management is the <u>Sustainable Development</u> Committee, which is responsible for the formulation and supervision of ethical management policies and prevention plans, and reports to the Board of Directors on a regular basis.</p> <p>The execution mentioned above is the responsibility of the Management Department and the Legal Affairs Office.</p>	<p>Article 12 Organization and Responsibility</p> <p>The directors, managers, employees, appointees, and ultimate controllers of the Company shall exercise the duty of care as a prudent manager, supervise the Company to prevent unethical conduct, and regularly review its implementation effectiveness and continuous improvement to ensure the implementation of the ethical management policy.</p> <p>The unit responsible for the Company’s ethical management is the <u>Corporate Governance</u> Committee, which is responsible for the formulation and supervision of ethical management policies and prevention plans, and reports to the Board of Directors on a regular basis.</p> <p>The execution mentioned above is the responsibility of the Management Department and the Legal Affairs Office.</p>	<p>The committee name was changed.</p>
<p>Article 21</p> <p>The Rules came into force on December 29, 2014.</p> <p>1st amendment made on June 16, 2017.</p> <p>2nd amendment made on December 31, 2019.</p> <p><u>3rd amendment made on February 26, 2024.</u></p>	<p>Article 21</p> <p>The Rules came into force on December 29, 2014.</p> <p>1st amendment made on June 16, 2017.</p> <p>2nd amendment made on December 31, 2019.</p>	<p>The latest date of amendment is added.</p>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION**Balance Sheets****December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(a))	\$ 393,566	1	518,048	1	2100	Short-term loans (Note 6(k))	\$ 10,442,950	21	11,027,774	23
1110	Current financial assets at fair value through profit or loss (Note 6(b))	144,619	-	162,736	-	2111	Short-term notes and bills payable (Note 6(l))	-	-	599,500	1
1150	Notes receivable, net (Notes 6(d) and (u))	176,658	-	164,768	-	2120	Current financial liabilities at fair value through profit or loss (Note 6(b))	60,457	-	14,674	-
1170	Accounts receivable, net (including to related parties) (Notes 6(d), (u) and 7)	4,118,841	8	3,014,900	7	2130	Current contract liabilities (Note 6(u))	1,232,093	3	1,338,529	3
1200	Other receivables (Notes 6(e) and 7)	23,866	-	935,744	2	2150	Notes payable	16,032	-	77,267	-
1310	Inventories (Note 6(f))	17,070,795	35	15,957,042	33	2170	Accounts payable(including to related parties) (Note 7)	2,066,656	4	1,442,537	3
1410	Prepayments	263,718	1	189,402	-	2200	Other payables(including to related parties) (Notes 6(p) and 7)	1,947,863	4	1,818,561	4
1470	Other current assets	<u>137</u>	-	<u>127</u>	-	2230	Current tax liabilities	498,570	1	421,637	1
	Total current assets	<u>22,192,200</u>	<u>45</u>	<u>20,942,767</u>	<u>43</u>	2280	Current lease liabilities (Note 6(n))	27,813	-	25,292	-
Non-current assets:						2300	Other current liabilities	<u>11,172</u>	-	<u>10,176</u>	-
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	634,082	1	522,828	1		Total current liabilities	<u>16,303,606</u>	<u>33</u>	<u>16,775,947</u>	<u>35</u>
1550	Investments accounted for using the equity method (Notes 6(g) and 7)	10,456,213	22	10,512,705	23		Non-Current liabilities:				
1600	Property, plant and equipment (Notes 6(h) and 7)	13,338,811	28	13,824,070	29	2540	Long-term loans (Note 6(m))	1,000,000	3	1,950,000	4
1755	Right-of-use assets (Note 6(i))	124,371	-	139,402	-	2570	Deferred tax liabilities (Note 6(r))	169,428	-	187,095	-
1760	Investment property (Notes 6(h) and (j))	1,923,110	4	1,924,962	4	2580	Non-current lease liabilities (Note 6(n))	100,557	-	118,137	-
1840	Deferred tax assets (Note 6(r))	44,295	-	52,177	-	2640	Non-current defined benefit liability, net (Note 6(q))	207,573	-	260,957	1
1990	Other non-current assets	44,496	-	54,376	-	2645	Guarantee deposits received (Note 7)	<u>7,016</u>	-	<u>9,111</u>	-
1915	Prepayments for equipment	22,805	-	61,514	-		Total non-current liabilities	<u>1,484,574</u>	<u>3</u>	<u>2,525,300</u>	<u>5</u>
1920	Refundable deposits (Note 8)	<u>56,077</u>	-	<u>72,411</u>	-		Total liabilities	<u>17,788,180</u>	<u>36</u>	<u>19,301,247</u>	<u>40</u>
	Total non-current assets	26,644,260	55	27,164,445	57		Equity (Note 6(s))				
						3100	Capital stock	7,302,138	15	7,302,138	15
						3200	Capital surplus	7,739,750	16	7,684,679	16
							Retained earnings:				
						3310	Legal reserve	5,127,305	10	4,718,218	10
						3320	Special reserve	486,844	1	157,889	-
						3350	Unappropriated retained earnings	<u>10,697,520</u>	<u>22</u>	<u>9,254,928</u>	<u>19</u>
							Total retained earnings	<u>16,311,669</u>	<u>33</u>	<u>14,131,035</u>	<u>29</u>
						3400	Other equity interest	<u>(305,277)</u>	-	<u>(311,887)</u>	-
							Total equity	<u>31,048,280</u>	<u>64</u>	<u>28,805,965</u>	<u>60</u>
	Total assets	<u>\$ 48,836,460</u>	<u>100</u>	<u>48,107,212</u>	<u>100</u>		Total liabilities and equity	<u>\$ 48,836,460</u>	<u>100</u>	<u>48,107,212</u>	<u>100</u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		For the years ended December 31,			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(u) and 7)	\$ 49,355,594	100	47,003,192	100
5000	Operating costs (Notes 6(f), (q) and 7)	<u>42,697,852</u>	<u>87</u>	<u>40,527,363</u>	<u>86</u>
5900	Gross profit from operations	6,657,742	13	6,475,829	14
5910	Less: Unrealized profit (loss) from sales (Note 7)	74,620	-	64,907	-
5920	Add: Realized profit (loss) from sales (Note 7)	<u>64,907</u>	<u>-</u>	<u>96,349</u>	<u>-</u>
5950	Gross profit, net	<u>6,648,029</u>	<u>13</u>	<u>6,507,271</u>	<u>14</u>
6000	Operating expenses:				
6100	Selling expenses (Notes 6(q), (v) and 7)	877,016	2	791,436	2
6200	Administrative expenses (Notes 6(q), (v) and 7)	1,182,937	2	1,066,436	2
6450	Expected credit (reversal benefit) impairment losses (Note 6(d))	<u>(11,440)</u>	<u>-</u>	<u>450</u>	<u>-</u>
6500	Total operating expenses	<u>2,048,513</u>	<u>4</u>	<u>1,858,322</u>	<u>4</u>
6900	Operating income	<u>4,599,516</u>	<u>9</u>	<u>4,648,949</u>	<u>10</u>
7000	Non-operating income and expenses:				
7010	Other income (Notes 6(w) and 7)	106,209	-	114,646	-
7100	Interest income (Notes 6(w) and 7)	18,460	-	22,547	-
7020	Other gains and losses, net (Notes 6(g) and (w))	174,591	-	249,878	1
7050	Finance costs, net (Notes 6(n) and (w))	(224,950)	-	(125,809)	-
7060	Share of profit of subsidiaries and associates accounted for using the equity method, net	<u>1,031,037</u>	<u>2</u>	<u>145,621</u>	<u>-</u>
	Total non-operating income and expenses	<u>1,105,347</u>	<u>2</u>	<u>406,883</u>	<u>1</u>
7900	Income before income tax	5,704,863	11	5,055,832	11
7950	Less: Income tax expenses (Note 6(r))	<u>975,517</u>	<u>2</u>	<u>1,061,828</u>	<u>2</u>
	Net income	<u>4,729,346</u>	<u>9</u>	<u>3,994,004</u>	<u>9</u>
8300	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Losses on remeasurements of defined benefit plans (Note 6(q))	6,848	-	99,635	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	113,272	-	(151,796)	-
8330	Share of other comprehensive income of subsidiaries and associates accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss (Note 6(h))	(1,490)	-	303	-
8349	Less : income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 6(r))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that will not be reclassified subsequently to profit or loss	<u>118,630</u>	<u>-</u>	<u>(51,858)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	(104,984)	-	(5,282)	-
8399	Less : income tax related to components of other comprehensive income that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>(104,984)</u>	<u>-</u>	<u>(5,282)</u>	<u>-</u>
8300	Other comprehensive income	<u>13,646</u>	<u>-</u>	<u>(57,140)</u>	<u>-</u>
8500	Total comprehensive income for the period	<u>\$ 4,742,992</u>	<u>9</u>	<u>3,936,864</u>	<u>9</u>
9750	Basic earnings per share (in dollars) (Note 6(t))	<u>\$ 6.48</u>		<u>5.47</u>	
9850	Diluted earnings per share(in dollars) (Note 6(t))	<u>\$ 6.46</u>		<u>5.45</u>	

See accompanying notes to the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	<u>Capital stock</u>		<u>Retained earnings</u>				<u>Total other equity interest</u>			
	<u>Ordinary shares</u>	<u>Capital surplus</u>	<u>Legal reserve</u>	<u>Special reserve</u>	<u>Unappropriated retained earnings</u>	<u>Total retained earnings</u>	<u>Exchange differences on translation of foreign financial statements</u>	<u>Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income</u>	<u>Total other equity interest</u>	<u>Total equity</u>
Balance at January 1, 2022	\$ 7,302,138	7,684,679	4,128,399	822,363	9,762,779	14,713,541	(514,902)	357,013	(157,889)	29,542,469
Net income for the period	-	-	-	-	3,994,004	3,994,004	-	-	-	3,994,004
Other comprehensive income for the period	-	-	-	-	101,256	101,256	(5,282)	(153,114)	(158,396)	(57,140)
Total comprehensive income for the period	-	-	-	-	4,095,260	4,095,260	(5,282)	(153,114)	(158,396)	3,936,864
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	589,819	-	(589,819)	-	-	-	-	-
Special reserve appropriated	-	-	-	(664,474)	664,474	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,673,368)	(4,673,368)	-	-	-	(4,673,368)
Capital reduction of financial assets at fair value through other comprehensive income	-	-	-	-	(4,398)	(4,398)	-	4,398	4,398	-
Balance at December 31, 2022	7,302,138	7,684,679	4,718,218	157,889	9,254,928	14,131,035	(520,184)	208,297	(311,887)	28,805,965
Net income for the period	-	-	-	-	4,729,346	4,729,346	-	-	-	4,729,346
Other comprehensive income for the period	-	-	-	-	7,038	7,038	(104,984)	111,592	6,608	13,646
Total comprehensive income	-	-	-	-	4,736,384	4,736,384	(104,984)	111,592	6,608	4,742,992
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	409,087	-	(409,087)	-	-	-	-	-
Special reserve appropriated	-	-	-	328,955	(328,955)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(2,555,748)	(2,555,748)	-	-	-	(2,555,748)
Changes in equity of associates and joint ventures accounted for using equity method	-	51	-	-	-	-	-	-	-	51
Other changes in capital surplus	-	55,020	-	-	-	-	-	-	-	55,020
Capital reduction of financial assets at fair value through other comprehensive income	-	-	-	-	(2)	(2)	-	2	2	-
Balance as of December 31, 2023	<u>\$ 7,302,138</u>	<u>7,739,750</u>	<u>5,127,305</u>	<u>486,844</u>	<u>10,697,520</u>	<u>16,311,669</u>	<u>(625,168)</u>	<u>319,891</u>	<u>(305,277)</u>	<u>31,048,280</u>

See accompanying notes to the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Income before income tax	\$ 5,704,863	5,055,832
Adjustments:		
Adjustments to reconcile profit or loss:		
Depreciation expense	993,323	961,101
Amortization expense	9,880	7,877
Expected credit (reversal benefit) impairment losses	(11,440)	450
Net gain on financial assets or liabilities at fair value through profit or loss	(130,340)	(177,928)
Interest expense	224,950	125,809
Interest income	(18,460)	(22,547)
Dividend income	(37,763)	(45,032)
Share of gain of subsidiaries and associates accounted for using the equity method	(1,031,037)	(145,621)
Loss on disposal of property, plant and equipment	2,008	2,797
Prepayment of equipment transferred to expenses	3,728	-
Unrealized profit from sales	74,620	64,907
Realized profit from sales	(64,907)	(96,349)
Unrealized foreign currency exchange loss (gain)	858	(87,373)
Total adjustments to reconcile profit or loss	15,420	588,091
Changes in operating assets and liabilities:		
Decrease in financial assets mandatorily measured at fair value through profit or loss	194,240	220,566
(Increase) decrease in notes receivable	(12,000)	15,506
(Increase) decrease in accounts receivable	(1,064,087)	536,769
(Increase) decrease in accounts receivable from related parties	(30,530)	538,496
Increase in other receivable	(9,394)	(549)
(Increase) decrease in inventories	(1,113,981)	373,362
Increase in prepayments	(73,944)	(8,894)
(Increase) decrease in other current assets	(9)	42,049
Increase in other operating assets	-	(4,405)
Total changes in operating assets	(2,109,705)	1,712,900
(Decrease) increase in contract liabilities	(106,436)	1,624
Decrease in notes payable	(61,235)	(65,437)
Increase (decrease) in accounts payable	624,119	(718,333)
Increase (decrease) in other payables	116,088	(50,386)
Increase in other current liabilities	996	679
Decrease in net defined benefit liability	(46,536)	(43,395)
Total changes in operating liabilities	526,996	(875,248)
Net changes in operating assets and liabilities	(1,582,709)	837,652
Total adjustments	(1,567,289)	1,425,743
Cash inflow generated from operations	4,137,574	6,481,575
Interest received	18,432	22,553
Dividends received	713,248	455,441
Interest paid	(224,539)	(120,051)
Income taxes paid	(908,369)	(1,460,618)
Net cash flows from operating activities	3,736,346	5,378,900
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(3,941)	(5,269)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	5,960	-
Proceeds from disposal of financial assets at fair value through profit or loss	45,048	-
Acquisition of investments accounted for using equity method	-	(1,228,032)
Proceeds from capital reduction of investments accounted for using equity method	458,406	765
Acquisition of property, plant and equipment	(406,438)	(2,920,114)
Proceeds from disposal of property, plant and equipment	43	-
Decrease in refundable deposits	16,334	271,644
Decrease (increase) in other receivables	758,800	(840,900)
Acquisition of investment properties	(3,304)	(1,414)
Decrease in other non-current assets	-	220
Increase in prepayments for equipment and land	(19,978)	(37,936)
Net cash flows from (used in) investing activities	850,930	(4,761,036)
Cash flows from (used in) financing activities:		
Increase in short-term loans	95,899,399	86,033,347
Decrease in short-term loans	(96,484,223)	(82,657,366)
Increase in short-term notes and bills payable	300,000	2,185,000
Decrease in short-term notes and bills payable	(900,000)	(1,585,000)
Proceeds from long-term loans	1,000,000	2,550,000
Repayments of long-term loans	(1,950,000)	(2,400,000)
Decrease in guarantee deposits received	(2,095)	(3,596)
Payment of lease liabilities	(30,889)	(29,335)
Cash dividends paid	(2,555,748)	(4,673,368)
Net cash used in financing activities	(4,723,556)	(580,318)
Effect of exchange rate changes on cash and cash equivalents	11,798	7,813
Net (decrease) increase in cash and cash equivalents	(124,482)	45,359
Cash and cash equivalents at beginning of period	518,048	472,689
Cash and cash equivalents at end of period	\$ 393,566	518,048

See accompanying notes to the parent company only financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(a))	\$ 1,732,667	3	2,126,513	4	2100	Short-term loans (Note 6(l))	\$ 13,884,659	25	13,994,974	26
1110	Current financial assets at fair value through profit or loss (Note 6(b))	144,619	-	162,736	-	2110	Short-term notes and bills payable (Note 6(m))	-	-	599,500	2
1140	Current contract assets (Note 6(v))	4,426,703	8	3,828,719	7	2120	Current financial liabilities at fair value through profit or loss (Note 6(b))	60,861	-	14,979	-
1150	Notes receivable, net (Notes 6(d) and (v))	213,233	-	220,725	-	2130	Current contract liabilities (Note 6(v))	2,991,668	5	2,859,004	5
1170	Accounts receivable, net (including to related parties) (Notes 6(d), (v) and 7)	4,189,707	7	3,368,530	6	2150	Notes payable	17,807	-	77,748	-
1200	Other receivables (Notes 6(e) and 7)	229,780	1	28,234	-	2170	Accounts payable (including to related parties) (Note 7)	2,985,512	5	2,128,721	4
1310	Inventories (Note 6(f))	19,894,017	35	18,821,299	35	2200	Other payables (including to related parties) (Notes 6(q) and 7)	2,248,736	4	2,104,826	4
1410	Prepayments	315,208	1	252,390	-	2230	Current tax liabilities	710,236	1	579,559	1
1470	Other current assets (Note 8)	1,121,723	2	845,902	2	2250	Current provisions	702	-	1,909	-
	Total current assets	<u>32,267,657</u>	<u>57</u>	<u>29,655,048</u>	<u>54</u>	2280	Current lease liabilities (Note 6(o))	43,047	-	41,431	-
Non-current assets:						2322	Long-term loans, current portion (Note 6(n))	190,515	1	192,011	-
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	636,347	1	524,816	1	2399	Other current liabilities, others	12,992	-	10,590	-
1550	Investments accounted for using the equity method (Note 6(h))	1,503,674	3	1,557,111	3		Total current liabilities	<u>23,146,735</u>	<u>41</u>	<u>22,605,252</u>	<u>42</u>
1600	Property, plant and equipment (Note 6(i))	19,052,245	34	20,038,567	37	2540	Non-current liabilities:				
1755	Right-of-use assets (Note 6(j))	313,529	1	350,563	1	2570	Long-term loans (Note 6(n))	1,421,411	3	2,526,032	5
1760	Investment property, net (Notes 6(i) and (k))	1,923,110	3	1,924,962	4	2580	Deferred tax liabilities (Note 6(s))	169,431	-	187,580	-
1780	Intangible assets	167,964	-	179,458	-	2640	Non-current lease liabilities (Note 6(o))	140,808	-	163,840	-
1840	Deferred tax assets (Note 6(s))	84,931	-	85,542	-	2645	Net defined benefit liability, non-current (Note 6(r))	211,060	1	260,957	-
1900	Other non-current assets (Note 8)	54,732	-	79,491	-	2650	Guarantee deposits received (Note 7)	7,016	-	9,155	-
1911	Natural resources	8,730	-	11,543	-	2550	Non-current provisions	121,241	-	99,217	-
1915	Prepayments for equipment	53,505	-	69,445	-		Total non-current liabilities	<u>2,070,967</u>	<u>4</u>	<u>3,246,781</u>	<u>5</u>
1920	Refundable deposits (Note 8)	312,456	1	290,001	-		Total liabilities	<u>25,217,702</u>	<u>45</u>	<u>25,852,033</u>	<u>47</u>
	Total non-current assets	<u>24,111,223</u>	<u>43</u>	<u>25,111,499</u>	<u>46</u>	3100	Equity (Note 6(t)):				
Total assets		<u>\$ 56,378,880</u>	<u>100</u>	<u>54,766,547</u>	<u>100</u>	3200	Capital stock	7,302,138	13	7,302,138	13
							Capital surplus	7,739,750	14	7,684,679	15
							Retained earnings:				
						3310	Legal reserve	5,127,305	9	4,718,218	9
						3320	Special reserve	486,844	1	157,889	-
						3350	Unappropriated retained earnings	10,697,520	19	9,254,928	17
							Total retained earnings	16,311,669	29	14,131,035	26
						3400	Other equity interest	(305,277)	(1)	(311,887)	(1)
							Total equity attributable to owners of the parent	31,048,280	55	28,805,965	53
						36XX	Non-controlling interests	112,898	-	108,549	-
							Total equity	<u>31,161,178</u>	<u>55</u>	<u>28,914,514</u>	<u>53</u>
							Total liabilities and equity	<u>\$ 56,378,880</u>	<u>100</u>	<u>54,766,547</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2023		2022 (Restated)	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(v) and 7)	\$ 60,961,908	100	59,217,013	100
5000	Operating costs (Notes 6(f), (i), (j), (r), (w) and 7)	<u>(52,315,715)</u>	<u>(86)</u>	<u>(51,767,274)</u>	<u>(87)</u>
5900	Gross profit from operations	<u>8,646,193</u>	<u>14</u>	<u>7,449,739</u>	<u>13</u>
6000	Operating expenses:				
6100	Selling expenses (Notes 6(i), (j), (r), (w) and 7)	1,126,406	2	930,469	2
6200	Administrative expenses (Notes 6(i), (j), (r), (w) and 7)	1,530,609	2	1,399,652	2
6450	Expected credit (reversal benefit) impairment losses (Note 6(d))	<u>(9,522)</u>	<u>-</u>	<u>1,837</u>	<u>-</u>
6500	Total operating expenses	<u>2,647,493</u>	<u>4</u>	<u>2,331,958</u>	<u>4</u>
6900	Net operating income	<u>5,998,700</u>	<u>10</u>	<u>5,117,781</u>	<u>9</u>
7000	Non-operating income and expenses:				
7100	Interest income (Note 6(x))	37,311	-	17,264	-
7010	Other income (Notes 6(x) and 7)	102,946	-	109,450	-
7020	Other gains and losses (Notes 6(g), (x) and 7)	168,332	-	177,962	-
7050	Finance costs (Notes 6(o) and (x))	(434,699)	-	(298,015)	-
7060	Share of profit of associates accounted for using the equity method (Note 6(h))	<u>129,431</u>	<u>-</u>	<u>112,490</u>	<u>-</u>
	Total non-operating income and expenses	<u>3,321</u>	<u>-</u>	<u>119,151</u>	<u>-</u>
7900	Profit before tax	6,002,021	10	5,236,932	9
7950	Less: income tax expenses (Note 6(s))	<u>1,292,896</u>	<u>2</u>	<u>1,293,313</u>	<u>2</u>
	Net profit for continuing operations	<u>4,709,125</u>	<u>8</u>	<u>3,943,619</u>	<u>7</u>
	Profit (loss) from discontinued operations (Note 12(b)):				
8100	Profit (loss) from discontinued operations, net of tax	<u>50,695</u>	<u>-</u>	<u>67,150</u>	<u>-</u>
8200	Profit	<u>4,759,820</u>	<u>8</u>	<u>4,010,769</u>	<u>7</u>
8300	Other comprehensive income (loss):				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Losses on remeasurements of defined benefit plans (Note 6(s))	6,848	-	99,768	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	113,284	-	(153,646)	-
8320	Share of other comprehensive income of associates accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss	(1,490)	-	1,973	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that will not be reclassified subsequently to profit or loss	<u>118,642</u>	<u>-</u>	<u>(51,905)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(122,960)	-	(11,347)	-
8399	Less: income tax related to components of other comprehensive income that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>(122,960)</u>	<u>-</u>	<u>(11,347)</u>	<u>-</u>
8300	Other comprehensive income	<u>(4,318)</u>	<u>-</u>	<u>(63,252)</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 4,755,502</u>	<u>8</u>	<u>3,947,517</u>	<u>7</u>
8600	Profit attributable to:				
8610	Owners of the parent	\$ 4,729,346	8	3,994,004	7
8620	Non-controlling interests	<u>30,474</u>	<u>-</u>	<u>16,765</u>	<u>-</u>
		<u>\$ 4,759,820</u>	<u>8</u>	<u>4,010,769</u>	<u>7</u>
8700	Comprehensive income attributable to:				
8710	Owners of the parent	\$ 4,742,992	8	3,936,864	7
8720	Non-controlling interests	<u>12,510</u>	<u>-</u>	<u>10,653</u>	<u>-</u>
		<u>\$ 4,755,502</u>	<u>8</u>	<u>3,947,517</u>	<u>7</u>
	Basic earnings per share (in dollars) (Note 6(u))				
9710	Continuing operations	\$	6.41		5.38
	Discontinued operation		<u>0.07</u>		<u>0.09</u>
		<u>\$</u>	<u>6.48</u>		<u>5.47</u>
	Diluted earnings per share (in dollars) (Note 6(u))				
9810	Continuing operations	\$	6.39		5.36
	Discontinued operation		<u>0.07</u>		<u>0.09</u>
		<u>\$</u>	<u>6.46</u>		<u>5.45</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Retained earnings						Other equity interest			Total equity attributable to owners of the parent	Non-controlling interests	Total equity
							Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements					
Balance as of January 1, 2022	\$ 7,302,138	7,684,679	4,128,399	822,363	9,762,779	14,713,541	(514,902)	357,013	(157,889)	29,542,469	190,116	29,732,585
Net income for the period	-	-	-	-	3,994,004	3,994,004	-	-	-	3,994,004	16,765	4,010,769
Other comprehensive income for the period	-	-	-	-	101,256	101,256	(5,282)	(153,114)	(158,396)	(57,140)	(6,112)	(63,252)
Total comprehensive income for the period	-	-	-	-	4,095,260	4,095,260	(5,282)	(153,114)	(158,396)	3,936,864	10,653	3,947,517
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	589,819	-	(589,819)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(664,474)	664,474	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,673,368)	(4,673,368)	-	-	-	(4,673,368)	-	(4,673,368)
Capital reduction of financial assets at fair value through other comprehensive income	-	-	-	-	(4,398)	(4,398)	-	4,398	4,398	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(92,220)	(92,220)
Balance at December 31, 2022	7,302,138	7,684,679	4,718,218	157,889	9,254,928	14,131,035	(520,184)	208,297	(311,887)	28,805,965	108,549	28,914,514
Net income for the period	-	-	-	-	4,729,346	4,729,346	-	-	-	4,729,346	30,474	4,759,820
Other comprehensive income for the period	-	-	-	-	7,038	7,038	(104,984)	111,592	6,608	13,646	(17,964)	(4,318)
Total comprehensive income for the period	-	-	-	-	4,736,384	4,736,384	(104,984)	111,592	6,608	4,742,992	12,510	4,755,502
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	409,087	-	(409,087)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	328,955	(328,955)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(2,555,748)	(2,555,748)	-	-	-	(2,555,748)	-	(2,555,748)
Changes in equity of associates accounted for using the equity method	-	51	-	-	-	-	-	-	-	51	-	51
Other changes in capital surplus	-	55,020	-	-	-	-	-	-	-	55,020	-	55,020
Capital reduction of financial assets at fair value through other comprehensive income	-	-	-	-	(2)	(2)	-	2	2	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(8,161)	(8,161)
Balance as of December 31, 2023	\$ 7,302,138	7,739,750	5,127,305	486,844	10,697,520	16,311,669	(625,168)	319,891	(305,277)	31,048,280	112,898	31,161,178

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Cash flows of continuing operations	\$ 6,002,021	5,236,932
Profit before tax of discontinued operations	75,680	83,229
Profit before tax	<u>6,077,701</u>	<u>5,320,161</u>
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,566,817	1,545,426
Amortization expense	36,375	59,808
Expected credit reversal benefit	(9,517)	(28,643)
Net gain on financial assets or liabilities at fair value through profit or loss	(136,851)	(180,590)
Interest expense	434,948	301,608
Interest income	(40,930)	(18,934)
Dividend income	(38,018)	(45,386)
Share of profit of associates accounted for using the equity method	(129,431)	(112,490)
Loss on disposal of property, plant and equipment	5,206	3,073
Loss from disposal of subsidiaries	14,354	-
Impairment loss on non-financial assets	1,751	12,332
Unrealized foreign exchange gains	(32,341)	(7,813)
Prepayments for equipment transferred to expense	4,379	243
Total adjustments to reconcile profit or loss	<u>1,676,742</u>	<u>1,528,634</u>
Changes in operating assets and liabilities:		
Decrease in financial assets mandatorily measured at fair value through profit or loss	200,851	223,579
Increase in contract assets	(839,318)	(211,718)
(Increase) decrease in notes receivable	(23,805)	71,354
(Increase) decrease in accounts receivable	(944,321)	611,093
Increase in other receivables	(14,267)	(10,000)
(Increase) decrease in inventories	(1,088,183)	1,674,463
(Increase) decrease in prepayments	(63,379)	90,784
(Increase) decrease in other current assets	(281,896)	110,025
Increase in other operating assets	(30,190)	(44,710)
Total changes in operating assets	<u>(3,084,508)</u>	<u>2,514,870</u>
Increase in contract liabilities	357,770	326,398
Decrease in notes payable	(59,941)	(71,723)
Increase (decrease) in accounts payable	939,989	(895,019)
Increase (decrease) in other payables	147,859	(37,977)
Increase in provisions	20,817	19,742
Increase (decrease) in other current liabilities	2,462	(1,942)
Decrease in net defined benefit liability	(43,049)	(43,395)
Total adjustments	<u>(41,859)</u>	<u>3,339,588</u>
Cash inflow generated from operations	6,035,842	8,659,749
Interest received	43,968	17,973
Dividends received	210,699	154,112
Interest paid	(438,989)	(285,081)
Income taxes paid	(1,229,735)	(1,681,314)
Net cash flows from operating activities	<u>4,621,785</u>	<u>6,865,439</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(3,941)	(5,269)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	5,960	-
Proceeds from liquidation of financial assets at fair value through other comprehensive income	212	1,024
Proceeds from disposal of financial assets designated at fair value through profit or loss	45,048	-
Decrease (increase) in restricted assets	5,775	(4,130)
Acquisition of property, plant and equipment	(639,844)	(3,080,124)
Proceeds from disposal of property, plant and equipment	1,053	650
(Increase) decrease in refundable deposits	(26,557)	262,247
Acquisition of investment property	(3,304)	(1,414)
Increase in prepayments for equipment and land	(43,261)	(45,981)
Net cash flows used in investing activities	<u>(658,859)</u>	<u>(2,872,997)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	108,629,540	106,674,122
Decrease in short-term loans	(108,709,644)	(106,014,861)
Increase in short-term notes and bills payable	2,870,000	3,015,000
Decrease in short-term notes and bills payable	(3,470,000)	(2,515,000)
Proceeds from long-term loans	3,610,381	3,267,688
Repayments of long-term loans	(4,713,510)	(3,163,451)
Decrease in guarantee deposits received	(2,095)	(3,613)
Payment of lease liabilities	(48,330)	(48,119)
Cash dividends paid	(2,555,748)	(4,673,368)
Change in non-controlling interests	(26,125)	(6,111)
Net cash flows used in financing activities	<u>(4,415,531)</u>	<u>(3,467,713)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>58,759</u>	<u>71,390</u>
Net (decrease) increase in cash and cash equivalents	<u>(393,846)</u>	<u>596,119</u>
Cash and cash equivalents at beginning of period	<u>2,126,513</u>	<u>1,530,394</u>
Cash and cash equivalents at end of period	<u>\$ 1,732,667</u>	<u>2,126,513</u>

See accompanying notes to consolidated financial statements.

2023 Annual Surplus Distribution Table

Unit: New Taiwan Dollars

Undistributed earnings at the beginning of the period		5,961,138,042
Current net income after tax	4,729,345,632	
The disposal of equity instruments measured at fair value through other comprehensive gains and losses is recognized in retained earnings (Note 4)	(1,855)	
The remeasurement of defined benefit plans is recognized in retained earnings (Note 5)	7,038,037	
The profit after tax for the current period plus items other than the net profit for the current period are included in the amount of undistributed surplus for the current year		4,736,381,814
Statutory surplus reserve is set aside in accordance with the law (Note 6)	(473,638,181)	
A deduction in special reserve reversed (Note 7)	6,609,477	
Set aside special surplus reserve to respond to climate change adaptation and mitigation (Note 8)	(133,922,200)	
Distributable earnings for this period		4,135,430,910
Distributed items:		
(1) Cash dividends distributed to shareholders (NT\$4.2per share)	(3,066,898,036)	
(2) Stock dividends distributed to shareholders (NT\$.. per share)		
Undistributed earnings at the end of the period		7,029,670,916

Notes:

1. The distributed items for the current period were distributed according to the net income for 2023; any shortfall shall be distributed accordingly in the final year.
2. The interest rate of NT\$4.2 per share is based on the number of 730,213,818 shares available for distribution. If there is any subsequent change in the number of outstanding shares for other reasons, the chairman of the Board of Directors is authorized to adjust the allotment rate for shareholders.
3. Cash dividend of less than NT\$1 shall be tallied and listed under stockholders' equity.
4. The Company adjusted retained earnings in accordance with IFRS (International Financial Reporting Standards) regulation No. 9 for the impairment loss on financial assets measured at fair value through other forms of consolidated income.
5. The change in the re-measurement of defined benefit plans for the period of NT\$7,038,037 represents the re-measurement of the Company's defined benefit plans of NT\$6,848,260, and the recognition of actuarial gains and losses of NT\$189,777 on defined benefit investments using the equity method.

6. In accordance with the amendment to Article 66-9 of the Income Tax Act, the basis for the provision of legal reserve was revised to “net income for the period plus the amount included in the current year’s undistributed earnings for items other than net income for the period”.
7. The deduction in special reserve reversed is the reserve that is restricted and provided in accordance with Article 66-9, Paragraph 2, Subparagraph 5 of the Income Tax Act. The restriction has been eliminated, and the reserve is transferred back to the surplus in accordance with the regulations.
8. To promote adaptation and mitigation actions for climate change, actively manage carbon risks, and mitigate operational impacts, the Company has established the “Appropriation and Application of Special Surplus Reserve for Climate Change Adaptation and Mitigation”. The reserve will be used for projects or plans related to climate change adaptation and mitigation, such as upgrading energy-saving equipment or improving the energy efficiency of equipment, research and development of energy-saving technologies, and development of low-carbon product technologies. In accordance with the regulations, a special reserve shall be provided based on the total carbon emissions calculated from the internal inventory of greenhouse gases for Category 1 and Category 2, and shall be transferred back to retained earnings after the original purpose of provision disappears. The amount provided for this period is NT\$133,922,200: NT\$164,729,200 is provided for the total carbon emissions of Categories 1 and 2 in the internal audits in 2023, and NT\$30,807,000 is the expenditure for 2023.

Chairman:

Manager:

Head of Accounting:

Attachment 10.

Comparison Table of Amendments to the “Procedures for Handling Derivative Commodity Transactions”

Amended articles	Existing articles	Description of Revision
<p>Article 1 <u>Purpose</u> The Company has established the Procedures to <u>effectively manage</u> the risk management system for derivative trading.</p> <p>Article 2 <u>Business or Hedging Strategies</u> The Company engages in derivative trading, which <u>are classified according to the purposes:</u></p> <p>I. Hedging trading Derivatives trading shall be conducted to ensure the operating profits of the Company’s business <u>and avoid risks caused by fluctuations in exchange rates, interest rates, or asset prices</u>. In addition, the transaction risks from receivables and payables or <u>the net assets or liabilities held by the Company (including subsidiaries) generated or expected to be generated from the business operations of the Company (including subsidiaries),</u> expected future specific purposes (such as external investment and capital expenditure), and the net position of assets and liabilities required in the next six months shall be adopted as the basis for hedging operations.</p> <p>II. Non-hedging trading Based on the forecast of changes in the financial market, in order to increase revenue, non-hedging trading may be conducted in accordance with the provisions of Article 6 of the Procedures.</p>	<p>Article 1 The Company has <u>established</u> this processing procedure to establish a risk <u>management system</u> for derivative trading.</p> <p>Article 2 The Company’s principles <u>for</u> engaging in derivative trading:</p> <p>I. Hedging trading Derivatives trading shall be conducted to ensure the operating profits of the Company’s business. In addition, the net positions of <u>existing assets or liabilities</u> held by the Company (including subsidiaries), <u>expected</u> future specific purposes (such as external investment and capital expenditure), and the net position of assets and liabilities required in the next six monthsshall be adopted as the basis for hedging operations.</p> <p>II. Non-hedging trading Based on the forecast of changes in the financial market, in order to increase revenue, non-hedging trading may be conducted in accordance with the provisions of Article 6 of the Procedures.</p>	<p>The text is revised and a title is added.</p> <p>1. The text is revised and a title is added. 2. The purposes of the Company engaging in derivative trading are added.</p>
<p>Article 4 <u>Type of Trading</u> The Company may engage in the trading of the following <u>derivatives</u>:</p> <p>I. Forwards contracts. II. Options contracts. III. Futures contracts. IV. Swaps contracts.</p>	<p>Article 3 The Company may engage in the trading of the following <u>financial derivatives</u>:</p> <p>I. Forward contracts. II. Option contracts. III. Futures contracts. IV. Swap contracts.</p>	<p>1. Derivatives are adopted consistently throughout the entire Procedures. 2. The text is revised and a</p>

Amended articles	Existing articles	Description of Revision								
V. <u>The combination of the above-mentioned contracts.</u> VI. <u>Other transactions approved by the Board of Directors.</u>	V. <u>Hybrid contracts formed by a combination of the above-mentioned derivatives.</u> VI. <u>Other transactions approved by the Chairman.</u>	title is added. 3. The order of Article 3 and Article 4 are swapped.								
Article 3 The definitions of terms used in derivatives are as follows: <u>Derivatives referred to in the Procedures refer to forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value upon maturity or prices are derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u> The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.	Article 4 The definitions of terms used in derivatives are as follows: <u>Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u> The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.	1. The text is revised and a title is added. 2. The order of Article 3 and Article 4 are swapped.								
Article 6 <u>Operating Procedures</u> I. <u>Authorized Limits and Authorization Hierarchy</u> <u>(I)The Company engages in derivative trading, which is carried out by authorized personnel who trade based on financial conditions and operational needs as authorized by the Chairman.</u> <u>(II) Based on the growth of the Company’s revenue and the changes in risk positions, the following authorized limit table is established.</u> <table><tr><th><u>Title</u></th><th><u>Contract amount per trade (USD)</u></th></tr><tr><td><u>Chairman</u></td><td><u>More than US\$10 million</u></td></tr><tr><td><u>President</u></td><td><u>More than US\$5 million - US\$10 million</u></td></tr><tr><td><u>The top manager of the executing unit</u></td><td><u>Below US\$5 million</u></td></tr></table>	<u>Title</u>	<u>Contract amount per trade (USD)</u>	<u>Chairman</u>	<u>More than US\$10 million</u>	<u>President</u>	<u>More than US\$5 million - US\$10 million</u>	<u>The top manager of the executing unit</u>	<u>Below US\$5 million</u>	Article 5	1. The operating procedures and title are added, and it is merged with Article 7. 2. The order of Article 5 and Article 6 are swapped. 3. The internal audit unit has been stated in Article 14, so it is deleted accordingly. 4. Article 14, paragraph 1 is adjusted to paragraph 2, subparagraph 4 of this
<u>Title</u>	<u>Contract amount per trade (USD)</u>									
<u>Chairman</u>	<u>More than US\$10 million</u>									
<u>President</u>	<u>More than US\$5 million - US\$10 million</u>									
<u>The top manager of the executing unit</u>	<u>Below US\$5 million</u>									

Amended articles	Existing articles	Description of Revision
<p>(III) <u>Significant derivative trading should be approved by the Audit Committee in accordance with relevant regulations and presented to the Board of Directors for resolution.</u></p> <p>II. <u>Executing Unit and Procedures</u></p> <p>(I) <u>Execute Trade</u> <u>In principle, the Company's executing unit for derivative trading is the Finance and Accounting Department, and the internal audit unit is the Auditing Office. However, for other transactions approved by the Board of Directors, personnel shall be designated to be responsible for collecting and providing relevant information, giving orders to trade, and evaluating positions.</u></p> <p>(II) <u>Trade Confirmation</u> <u>The Finance and Accounting Department shall designate personnel to verify transactions, and other transactions approved by the Board of Directors shall also be assigned to the personnel designated for trade confirmation.</u></p> <p>(III) <u>Settlement</u> <u>The Finance and Accounting Department shall assign personnel to settle trade, arrange for capital movement, and account for and estimate related gains and losses based on settlement receipts and relevant documents.</u></p> <p>(IV) <u>A log book shall be prepared to record the types, amounts, date of board approval, and risk assessment of derivatives traded.</u></p> <p>(V) <u>Derivative trading conducted by authorized personnel in accordance with the Procedures shall be reported to the soonest Audit Committee meeting and board meeting thereafter.</u></p>	<p>The executing unit for derivative trading by the Company is the Finance and Accounting Department, and <u>the internal audit unit is the Auditing Office.</u></p>	<p>article. 5. Article 15, paragraph 1 is adjusted to paragraph 2, subparagraph 5 of this article.</p>

Amended articles	Existing articles	Description of Revision
<p>Article 5 <u>Trading Limits and Loss Limits</u> The Company engages in derivative trading related to <u>exchange rates, which is handled with full authority by authorized personnel based on financial conditions and operational needs as authorized by the Chairman.</u> However, the total contract trading amount shall not exceed 40% of the total assets of the Company, and the maximum loss limit shall not exceed 10% of the total contract trading amount. The amount of a contract traded shall not exceed 1.5% of the total assets of the Company, and the maximum loss limit shall not exceed 10% of the amount of a contract traded.</p> <p><u>Derivative trading not related exchange rates are only for hedging purposes, and the trading amount shall not exceed 40% of the total assets of the Company, and the maximum loss limit shall not exceed 35% of the total contract trading amount. The amount of a contract traded shall not exceed 1.5% of the total assets of the Company, and the maximum loss limit shall not exceed 50% of the amount of a contract traded.</u></p>	<p>Article 6 The Company engages in derivative trading, <u>which is handled with full authority by authorized personnel based on financial conditions and operational needs as authorized by the Chairman.</u> However, the total contract trading amount shall not exceed 40% of the total assets of the Company, and the maximum loss limit shall not exceed 10% of the total contract trading amount. The amount of a contract traded shall not exceed 10% of the total assets of the Company, and the maximum loss limit shall not exceed 10% of the amount of a contract traded.</p>	<ol style="list-style-type: none"> 1. The title is added. 2. The order of Article 5 and Article 6 are swapped. 3. Considering the volatility of exchange rates and price fluctuations in derivative trading, the contract trading amount and loss limit are adjusted as appropriate.
<p>Article 7 (This article is deleted)</p>	<p>Article 7 <u>The Finance and Accounting Department should designate a dedicated person responsible for collecting and providing relevant information, issuing trading instructions and position assessments, as well as confirming transactions, conducting delivery operations, managing funds, and recording accounts and estimating related profits and losses based on delivery receipts and relevant certificates.</u></p>	<p>Due to the adjustment and merge into Article 6, this article is deleted.</p>
<p>Article 8 <u>Risk Management Measures</u> I. <u>The Company shall adopt the following risk management measures for derivative trading:</u> (I) <u>Credit Risk</u> <u>Trading counterparties shall be selected based on the principle of choosing banks or well-known institutions or companies, both domestic and abroad, that have business dealings with the Company and can provide</u></p>	<p>Article 8</p>	<p>According to Article 20 of the Guidelines for Publicly Listed Companies on the Acquisition or Disposal of Assets, publicly listed companies engaging in</p>

Amended articles	Existing articles	Description of Revision
<p>professional information, in order to avoid the risk of <u>non-performance by the trading counterparties.</u></p> <p>(II) <u>Market Risk</u> <u>When engaging in derivative trading, the Company shall pay close attention to potential losses that may arise from unfavorable market price fluctuations and take appropriate measures.</u></p> <p>(III) <u>Liquidity Risk</u> <u>To ensure market liquidity, priority shall be given to derivatives with higher liquidity. The entrusted trading institutions shall also have sufficient information and the ability to trade in any market at any time.</u></p> <p>(IV) <u>Cash Flow Risk</u> <u>The main sources of funding for derivatives are self-owned funds and loans from banks. The trading amount shall also be based on the needs for following three-month working capital.</u></p> <p>(V) <u>Operational Risk</u> <u>Personnel engaging in derivatives trading may not serve concurrently in other operations, such as confirmation and settlement.</u></p> <p>(VI) <u>Legal Risk</u> <u>The documents signed with the counterparty shall be reviewed by relevant business personnel and the top manager, and if necessary, legal personnel shall be consulted for review and suggestions.</u></p> <p>II. <u>Regular Evaluation and Response to Abnormal Situation</u></p> <p>(I) For positions held by the Company engaging in derivatives trading, <u>non-hedging transactions shall be evaluated at least once a week, and hedging transactions required for business needs shall be evaluated at least twice a month, and a evaluation report</u></p>	<p>For positions held by the Company engaging in derivatives trading, they shall be evaluated at least once a week; <u>however, if hedging transactions required for business needs shall be evaluated at least twice a month, a evaluation report shall be submitted to the Chairman or the managers authorized by the Chairman as a reference</u></p>	<p>derivative trading should pay attention to the control and management of significant risk and incorporate it into their processing procedures. Therefore, the title is added and certain texts regarding the management measures and revisions for derivative risk are added.</p>

Amended articles	Existing articles	Description of Revision
<p>shall be submitted to <u>the senior managers authorized by the Board of Directors</u> as a reference for <u>risk assessment</u> management.</p> <p>(II) <u>The senior managers authorized by the Board of Directors shall supervise trading and profit/loss situations to ensure compliance with company policies and acceptable risk levels.</u> In the aforementioned situation, if any abnormal situation is discovered, it shall be reported to the Board of Directors. The independent directors shall be present at the board meeting to express their opinions and take necessary measures.</p> <p>In the aforementioned situation, if any abnormal situation occurs, it shall be reported to the Board of Directors. The independent directors shall be present at the board meeting to express their opinions and take necessary measures.</p> <p>(III) <u>Risk measurement, monitoring, and control personnel shall be assigned to a department different from that of personnel involved in derivative trading and confirmation, settlement, and other operations.</u></p>	<p>for risk assessment management.</p> <p><u>The managers authorized by the Chairman or Board of Directors shall evaluate if the above trade is in compliance with company policies and acceptable risk levels. In the aforementioned situation, if any abnormal situation occurs, it shall be reported to the Board of Directors. The independent directors shall be present at the board meeting to express their opinions and take necessary measures.</u></p> <p><u>In the aforementioned situation, if any abnormal situation occurs, it shall be reported to the Board of Directors. The independent directors shall be present at the board meeting to express their opinions and take necessary measures.</u></p>	
<p><u>Article 9 Announcement and Reporting</u></p> <p>A domestic non-publicly-listed subsidiary of the Company, intending to engage in derivative trading, shall follow the Procedures set forth herein, and the Company shall make announcements and report on its behalf.</p> <p><u>The Finance and Accounting Department shall announce and report the derivative trading activities of the Company and subsidiaries thereof up until the end of the previous month, along with the business operations, in the prescribed format by the 10th day of each month.</u></p> <p>The term “announcement and reporting” referred to in the Procedures refers to the</p>	<p><u>Article 9</u></p> <p>A domestic non-publicly-listed subsidiary of the Company intending to engage in derivative trading, shall follow the Procedures set forth herein, and the Company shall make announcements and report on its behalf.</p> <p><u>The executing unit shall announce and report the derivative trading activities of the Company and subsidiaries thereof up until the end of the previous month, along with the business operations, in the prescribed format by the 10th day of each month.</u></p> <p>The term “announcement and reporting” referred to in the Procedures refers to the information announcement website</p>	<p>The text is revised and a title is added.</p>

Amended articles	Existing articles	Description of Revision
information announcement website designated by the Financial Supervisory Commission.	designated by the Financial Supervisory Commission.	
Article 10 <u>Information Disclosure</u> When the losses from derivative trading of the company reach the maximum amount specified in <u>Article 5</u> , either for all contracts or each contract, an announcement and reporting shall be made within two days from the date of occurrence, in accordance with the prescribed format and nature.	Article 10 When the losses from derivative trading of the company reach the maximum amount specified in <u>Article 6</u> , either for all contracts or each contract, an announcement and reporting shall be made within two days from the date of occurrence, in accordance with the prescribed format and nature.	1. The title is added. 2. Adjust and revise the text in accordance with the article.
Article 11 <u>Accounting Treatment</u> The Finance and Accounting Department shall account for the Company's derivative trading in accordance with relevant accounting standards and regulations and disclose them appropriately in the notes to the financial statements.	Article 11 The Finance and Accounting Department shall account for the Company's derivative trading in accordance with relevant accounting standards and regulations and disclose them appropriately in the notes to the financial statements.	The title is added.
Article 12 (This article is deleted)	Article 12 <u>The counterparties of the Company's derivative trading shall be banks that have business dealings with the Company; and the Company shall require each counterparty to provide written disclosure of trading risks as a reference for decision-making.</u>	Due to the adjustment and merge into Article 8, this article is deleted.
Article 13 (This article is deleted)	Article 13 <u>The executing unit's personnel engaging in derivatives trading may not serve concurrently in other operations, such as confirmation and settlement.</u>	Due to the adjustment and merge into Article 8, this article is deleted.
Article 14 <u>Internal Audit</u> When engaging in derivative trading, a log book shall be prepared, and details of the types and amounts of derivatives traded, date of board approval, risk management measures, and other matters that shall be carefully evaluated shall be recorded for reference. Internal auditors shall regularly assess the adequacy of internal controls for derivative trading, audit the executing unit's compliance with the Procedures for derivative trading on a monthly basis, and prepare audit reports; and, if significant violations are found, notify the Audit Committee in writing.	Article 14 <u>When engaging in derivative trading, a log book shall be prepared, and details of the types and amounts of derivatives traded, date of board approval, risk management measures, and other matters that shall be carefully evaluated shall be recorded for reference.</u> Internal auditors shall regularly assess the adequacy of internal controls for derivative trading, audit the executing unit's compliance with the Procedures for derivative trading on a monthly basis, and prepare audit reports; and, if significant violations are found, notify the Audit Committee in writing.	1. The title is added. 2. The content of paragraph 1 is merged into Article 6, paragraph 2, subparagraph 4.

Amended articles	Existing articles	Description of Revision
<p><u>Article 15 Relevant Penalties</u> Derivative trading conducted by authorized personnel of the Company in accordance with the Procedures shall be reported to the soonest Audit Committee meeting and board meeting thereafter. Managers and responsible personnel who violate the Procedures shall be punished with penalties in accordance with the relevant disciplinary measures of the Company's working rules.</p>	<p><u>Article 15</u> <u>Derivative trading conducted by authorized personnel of the Company in accordance with the Procedures shall be reported to the soonest Audit Committee meeting and board meeting thereafter.</u> Managers and responsible personnel who violate the Procedures shall be punished with penalties in accordance with the relevant disciplinary measures of the Company's working rules.</p>	<p>1. The title is added. 2. The content of paragraph 1 is merged into Article 6, paragraph 2, subparagraph 5.</p>
<p><u>Article 16 Other Matters</u> The Procedures shall be implemented after being approved by the Board of Directors and submitted to the shareholders' meeting for approval. If any director expresses objections with a record or written statement, the Company shall submit the objections to the Audit Committee for review and discussion at the shareholders' meeting. The same shall apply to any amendments made. When the Procedures are submitted for discussion by the Board of Directors, each independent director's opinions shall be fully considered. If any independent director expresses objections or reservations, it shall be clearly recorded in the minutes of the board meeting. Before a resolution by the Board of Directors under paragraph 1, it shall be approved by at least half of the members of the Audit Committee. If it is not approved by at least half of the members of the Audit Committee, it may be implemented with the consent of at least two-thirds of all directors, and the resolution by the Audit Committee shall be recorded in the minutes of the board meeting. The term "all members of the Audit Committee and all directors" referred to in the preceding paragraph shall be calculated based on the actual incumbents. The Procedures stipulate that the provisions of paragraph 3 shall apply mutatis mutandis to the matters requiring board resolutions prior to a board resolution.</p>	<p><u>Article 16</u> The Procedures shall be implemented after being approved by the Board of Directors and submitted to the shareholders' meeting for approval. If any director expresses objections with a record or written statement, the Company shall submit the objections to the Audit Committee for review and discussion at the shareholders' meeting. The same shall apply to any amendments made. When the Procedures are submitted for discussion by the Board of Directors, each independent director's opinions shall be fully considered. If any independent director expresses objections or reservations, it shall be clearly recorded in the minutes of the board meeting. Before a resolution by the Board of Directors under paragraph 1, it shall be approved by at least half of the members of the Audit Committee. If it is not approved by at least half of the members of the Audit Committee, it may be implemented with the consent of at least two-thirds of all directors, and the resolution by the Audit Committee shall be recorded in the minutes of the board meeting. The term "all members of the audit committee all directors" referred to in the preceding paragraph shall be calculated based on the actual incumbents. The Procedures stipulate that the provisions of paragraph 3 shall apply mutatis mutandis to the matters requiring board resolutions prior to a board resolution.</p>	<p>The title is added.</p>

Amended articles	Existing articles	Description of Revision
<p>Article 17</p> <p>The Procedures were promulgated and came into effect on June 21, 1996.</p> <p>7th amendment made on June16, 2017.</p> <p>8th amendment made on June18, 2019.</p> <p><u>9th amendment made on May 00, 2024.</u></p>	<p>Article 17</p> <p>The Procedures were promulgated and came into effect on June 21, 1996.</p> <p>7th amendment made on June16, 2017.</p> <p>8th amendment made on June18, 2019.</p>	<p>The latest date of amendment is added.</p>

Articles of Incorporation

Chapter 1. General provisions

Article 1: The Company shall be incorporated as a company limited by shares under the Company Act, and it shall be named Tung Ho Steel Enterprise Corporation.

The Company's English name shall be Tung Ho Steel Enterprise Corporation.

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

- I. CC01060 Wired communication machinery and equipment manufacturing industry.
- II. CC01070 Wireless communication machinery and equipment manufacturing industry.
- III. CC01080 Electronic component manufacturing industry.
- IV. H701040 Specific professional zone development industry.
- V. J701020 Amusement park industry.
- VI. C801010 Basic chemical industry.
- VII. CA01010 Iron and steel smelting industry.
- VIII. CA01020 Iron and steel rolls and crowding industry.
- IX. CA01050 Iron and Steel Rolling, Drawing, and Extruding
- X. CA01070 Waste vehicle and vessel disassembly and waste iron and steel disposal industry.
- XI. CA03010 Heat treatment industry.
- XII. CA04010 Surface processing industry.
- XIII. CB01010 Machinery and Equipment Manufacturing.
- XIV. CC01110 Computers and Peripheral Equipment Manufacturing.
- XV. CP01010 Hand tool manufacturing.
- XVI. F114060 Wholesale of vessels and vessel parts.
- XVII. F214060 Retail sale of vessels and vessel parts.
- XVIII. F401010 International Trade.
- XIX. H701010 Residential and building development (lease and sale) industry.
- XX. H701060 New town or community development industry.
- XXI. H701090 Urban renewal and maintenance industry.
- XXII. H702010 Construction management industry.

- XXIII. I103060 Management consulting services.
- XXIV. I599990 Other design industry.
- XXV. CA02010 Metal Architectural Components Manufacturing.
- XXVI. EZ99990 Other Construction.
- XXVII. F106010 Wholesale of ironware.
- XXVIII. F199010 Wholesale of recycled materials.
- XXIX. ZZ99999 All business items that are not prohibited or restricted by law, except those subject to special approval.

Article 2-1: When the Company becomes the shareholder of limited liability in other companies, its total amount of investment in such companies shall not be subject to Article 13 of the Company Act which stipulates that the total amount of investment may not exceed 40/100 (40%) of the amount of its own paid-up capital.

Article 3: The Company is headquartered in Taipei City. Where necessary, the Company may set up branch offices within and outside the territory of the Republic of China upon approval from the Board of Directors. Such set up, changes and revocation shall be resolved by the Board of Directors.

Article 4: Public announcements of the Company shall be made in accordance with Article 28 of the Company Act and relevant rules and regulations.

Chapter 2. Shares

Article 5: The total capital stock of the Company shall be NT\$15 billion only. Divided into 1.5 billion shares at a par value of NT\$10 per share. The shares shall be issued in installments by the Board of Directors however it deems necessary for business purposes.

Article 6: The Company's shares shall be assigned with serial numbers and issued under the signature or seal of the director representing the Company, and shall be licensed by a bank authorized by law to act as the issuer of the shares.

Stocks issued by the Company as well as other securities are not required to be printed. The Company, however, shall contact the centralized securities depository enterprise institution for registration of the share certificates.

- Article 7: All shares of the Company are issued to registered owners only. The registered share certificate shall bear the true name of the shareholder. Shareholder who is a government or corporate shareholder shall specify his or her name and may not establish another name or specify the name of his or her representative.
- Article 7-1: The Company shall administer all the stock-related operations or affairs in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies”, unless otherwise specified by the law or securities regulations.
- Article 8: (deleted)
- Article 9: (deleted)
- Article 10: (deleted)
- Article 11: (deleted)
- Article 12: (deleted)
- Article 13: Transfer of title for the stocks is not permitted within sixty days prior to the annual meeting of shareholders; or within thirty days prior to the special meeting of shareholders, or within five days prior to the cut-off date determined for the distribution of dividends, bonus or other benefits.

Chapter 3. Shareholder’s meeting

- Article 14: There are two types of shareholders’ meetings: regular meetings and ad hoc meetings. Regular meetings are held once a year, within six months after the end of each fiscal year and are convened by the board of directors; ad hoc meetings are convened when necessary and in accordance with the law. The shareholders’ general meeting convened by the Board of Directors shall be attended by more than half of all directors on the Board. However, this provision does not apply to those excused from such meetings for justifiable reasons.
- Article 15: The notice for convening shareholders’ meeting shall be issued 30 days before the general meeting and 15 days before an extraordinary meeting. The date, location, and purpose of the meeting shall be notified to all shareholders.
- Article 16: Unless otherwise prescribed by law, a shareholder shall have one voting right per share he or she is in possession of.

- Article 17: A shareholder who cannot attend a shareholders' meeting may appoint a proxy to attend on his/her behalf by executing a power of attorney printed and issued by the Company, stating clearly the scope of the authorization. However, a shareholder may only execute one power of attorney and appoint one proxy only, which shall be delivered to the Company at least five days prior to the shareholders meeting.
- With the exception of trust enterprises or stock affairs agencies approved by the competent securities authority, the votes that may be cast by one proxy representing two or more shareholders shall not exceed three percent of the votes of total shares issued; any votes in excess of that limit shall not be counted.
- Article 18: Unless otherwise regulated by the Company Act, a shareholders' meeting resolution is passed when more than 50% of all outstanding shares are represented in the meeting, and voted in favor by more than 50% of all voting rights represented at the meeting.
- Article 19: When the number of shareholders present does not satisfy the quorum prescribed in the preceding article, but those present represent one-third or more of the total number of issued shares, a tentative resolution may be passed by a majority of those present. A notice of such tentative resolution shall be given to each shareholder, and a Shareholders' meeting must be convened again within one month. If the tentative resolution is again adopted by a majority of those present who represent one-third or more of the total number of issued shares, it shall be deemed as a resolution under the preceding article.
- Article 20: Shareholders' meeting resolutions shall be compiled into minutes with details including the date and place of the meeting, the name of Chairman, method of resolution, a summary of the essential points of the proceedings and the results of the meeting, number of shareholders present at the meeting, and number of representative votes. The minutes shall be signed or sealed by the Chairman and disseminated to each shareholder no later than 20 days after the meeting.
- The meeting minutes mentioned in the preceding paragraph along with shareholders' attendance sheets and proxy forms shall be kept by the Company.
- The meeting minutes prescribed in the preceding paragraph may be delivered by way of public announcement.

Chapter 4. Directors and Functional committee:

- Article 21: The Company has a total of 7 to 13 directors. The number of directors is authorized by the board of directors' meeting, and a candidate-based nomination system is adopted, among which no less than three independent directors shall be nominated by the shareholders' meeting from the list of director candidates.
- With respect to other requirements on independent directors including professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other compliance matters, the Company shall observe the regulations announced by the competent authority for the securities industry.
- Independent directors and non-independent directors shall be nominated separately and elected together.
- The number of elected candidates shall be calculated separately. The term of office for directors shall be three years. The directors may serve consecutive terms if they are reelected. The term of office for independent directors may not exceed three terms consecutively.
- The total number of registered shares held by the Company's directors shall not be below a certain percentage of the total number of Company's issued shares. The verification of the total number of shares shall be addressed in accordance with regulations prescribed by the competent authority.
- Article 21-1 The Company may purchase liability insurance policies that cover the directors' term of service based on the compensation liabilities associated with their business accountabilities.
- Article 22: The elected directors shall assemble a Board of Directors, from among which a Chairman and Vice Chairman shall be elected.
- The Board of Directors shall exercise all of the Company's affairs according to laws, regulations, Articles of Incorporation, and resolutions made by the Board of Directors.
- Article 22-1 The directors and supervisors shall be distributed remunerations in accordance with Article 28 of this Article and shall be paid a fixed monthly remuneration, which shall be determined by the Board according to standards adopted by the industry and listed companies.

- Article 23: The Chairman shall represent the Company externally and shall internally chair the shareholders and the Board of directors meetings. If the Chairman is unable to perform such duties due to leave of absence or any other reason, the Vice Chairman shall act on the Chairman's behalf. If the Vice Chairman is also unavailable or unable to perform duties, the Chairman may appoint one of the directors to act on the Chairman's behalf. If no delegate is appointed by the Chairman, one shall be elected from among the directors to act on the Chairman's behalf.
- Article 24: Board of directors' meetings shall be convened by the Chairman and the directors shall be notified of the meeting at least seven days before the meeting. The purpose of the meeting shall be clearly stated in the notice. A meeting of the Board of Directors may be called at any time in the event of an emergency.
- The meeting of the Board of Directors may be notified in forms of letters, e-mail or facsimile.
- Unless otherwise prescribed in the Company Act, the resolutions made by the Board of Directors shall be passed by a majority vote at a meeting of the Board of Directors attended by two-thirds or more of all directors of the Board.
- If a director is unable to attend the meeting, he/she may delegate another director as his/her representative for the meeting by issuing a proxy, specifying clearly the scope of the authorization. Any director, however, may only represent one other director during the meeting.
- The Company's meeting of the Board of Directors shall be in compliance with the Board of Directors' Meeting Procedure, unless otherwise specified by laws, regulations, or this Article.
- Article 24-1 For transactions between the Company and its related parties or leases of investment real estate that require notarization, the Board of Directors may resolve the transactions or leases in accordance with the provisions of paragraph 3 of the preceding article.
- Article 25: (deleted)
- Article 25-1 In accordance with Article 14-4 of the Securities and Exchange Act, the Company has established an audit committee consisting of all its independent directors, and the audit committee is responsible for carrying out the duties and responsibilities of supervisors specified under the

Company Law, the Securities and Exchange Act and other laws and regulations.

The relevant requirements set forth in Article 14-4, Paragraph 4 of the Securities and Exchange Act, which involves the conduct of supervisors or their roles as representatives of the Company under the Company Act, shall be applicable to independent directors of the Audit Committee.

The size, terms of service, meeting rules, authorities, and other requirements pertaining to the Audit Committee shall be specified in the Organizational Regulations of the Audit Committee.

Article 25-2 The Company's Board of directors may set up relevant functional committees in accordance with the law and actual needs and disclose relevant matters in its annual report.

The size, terms of service, meeting rules, authorities, and other requirements pertaining to each functional committee shall be specified in the organizational regulations of each functional committee.

Article 25-3 (deleted)

Article 25-4 (deleted)

Chapter 5. Managers and consultants

Article 26: The Company has a president, an executive vice president, senior vice presidents, vice presidents, assistant managers and managers. The appointment, dismissal and remuneration of said parties shall be decided by majority vote at a meeting of the Board of Directors attended by more than one half of the directors.

For business purposes, the Company may employ consultants through the Board of Directors in compliance with the regulation described in the preceding paragraph.

Chapter 6. Accounting

Article 27: The Company's accounting year begins on January 1 and ends on December 31. Year-end closing is carried out at the end of each accounting year. After the year-end closing, the Board of Directors shall prepare the following statements and reports. These statements and reports shall be submitted to the audit committee for verification at least 30 days before the annual meeting of shareholders. Alternatively, the audit committee shall

commission an accountant to review these statements and reports and shall present them as a report during the annual meeting of shareholders for ratification:

- I. Business report.
- II. Financial reports.
- III. Proposal of earnings distribution or loss reimbursement plans.

The financial reports and proposal of earnings distribution or loss reimbursement plans shall be disseminated to each shareholder by way of public announcements.

Article 28: If the Company sustains profit for the current year, 2.5% or more of the income shall be set aside as remunerations to employees, and 2% or less of the income shall be distributed as director remuneration. However, an amount shall be set aside first to compensate cumulative losses, if any. Employee remuneration may be distributed in the form of stock or cash; it shall be resolved by a majority vote at a Board meeting attended by more than two thirds of the directors and shall be reported at the shareholders' meeting. If employee remuneration is distributed in the form of new stock, employee stock shall be calculated based on the closing price of the day before the Board of directors' meeting.

Article 28-1 In the event of any surplus in the Company's annual financial statements, the Company shall first pay taxes and make up for accumulated deficits, set aside 10% of the legal reserve, and set aside or reverse the special reserve depending on the Company's operating needs or as required by law, and distribute any surplus together with the accumulated undistributed earnings from previous years. The aforementioned distribution of earnings may be made in cash or in stock. If the distribution is made solely in cash, the Board of Directors is authorized to make the distribution by a resolution approved by a two-thirds majority of the directors present and a majority of the directors present, and to report the distribution to the shareholders' meeting; if the distribution is not made solely in cash, a proposal for the distribution of earnings shall be prepared and submitted to the shareholders' meeting for approval.

The Company's operational life span has reached a positive, stable, and mature stage. With regard to earnings distribution, cash dividends shall be no less than 80% of total dividends, and stock dividends shall be no higher than 20%.

Article 29: The allocation of statutory surplus reserves may cease when the amount allotted equals to the Company's total capital stock.

Chapter 7. Bylaws

Article 30: The organization of the Company and roles of each department shall be determined by the Board of Directors.

Article 31: The Company may provide guarantees to outside parties for relevant business activities.

Article 32: With regard to matters not addressed in this Article, the Company Act and other relevant regulations shall prevail.

Article 33: (deleted)

Article 34: This constitution was published on May 20, 1962.

1st amendment made on September 27, 1962.

2nd amendment made on April 19, 1965.

3rd amendment made on November 15, 1965.

4th amendment made on May 25, 1967.

5th amendment made on May 25, 1969.

6th amendment made on July 20, 1969.

7th amendment made on November 10, 1971.

8th amendment made on April 4, 1972.

9th amendment made on August 5, 1974.

10th amendment made on June 30, 1977.

11st amendment made on May 26, 1978.

12nd amendment made on June 29, 1980.

13th amendment made on May 28, 1981.

14th amendment made on October 11, 1981.

15th amendment made on January 30, 1982.

16th amendment made on September 5, 1983.

17th amendment made on February 21, 1984.

18th amendment made on October 2, 1984.

19th amendment made on December 1, 1984.

20th amendment made on May 11, 1985.

21st amendment made on May 22, 1986.

22nd amendment made on July 17, 1986.

23rd amendment made on April 10, 1987.

24th amendment made on September 16, 1987.

25th amendment made on December 4, 1987.

26th amendment made on May 27, 1988.

27th amendment made on August 18, 1988.

28th amendment made on April 24, 1989.

29th amendment made on June 30, 1989.

30th amendment made on April 24, 1991.

31st amendment made on May 14, 1992.

32nd amendment made on April 27, 1993.

33rd amendment made on April 8, 1994.

34th amendment made on April 6, 1995.

35th amendment made on May 20, 1997.

36th amendment made on May 13, 1998.

37th amendment made on June 9, 2000.

38th amendment made on June 27, 2002.

39th amendment made on June 16, 2003.

40th amendment made on June 24, 2004.

41st amendment made on April 18, 2005.

42nd amendment made on June 25, 2007.

43rd amendment made on June 13, 2008.

44th amendment made on June 19, 2009.

45th amendment made on June 25, 2010.

46th amendment made on June 22, 2012.

47th amendment made on June 25, 2013.

The 48th amendment was on June 21, 2016. Provisions regarding establishment of an Audit Committee were added and shall take effect once the supervisors who were elected in the 2014 Annual Meeting of Shareholders complete their terms of office.

49th amendment made on June 16, 2017.

50th amendment made on June 18, 2019.

51st amendment made on May 19, 2020.

52nd amendment made on July 15, 2021.

53rd amendment made on May 30, 2023.

Appendix 2.

Rules of Procedure for the Shareholders' Meeting

- Article 1. Unless otherwise stated by law or the Articles of Incorporation, the rules of procedure of the Company's shareholders' meeting shall be organized according to these Rules.
- Article 2. Shareholders attending the meeting shall submit an attendance card for the purpose of signing in. The number of shares represented by the shareholders attending the meeting shall be calculated in accordance with the attendance cards submitted by the shareholders plus the voting shares exercised in writing or by way of electronic transmission.
- Article 3. The attendance and votes of a shareholders' meeting shall be calculated based on the number of shares represented by the shareholders present at the meeting.
- The number of shares of non-voting shareholders is not included in the total number of issued shares in the resolution of the shareholders' meeting.
- A shareholder may not vote at a meeting if he or she has an interest that would be detrimental to the Company's interests, and may not exercise his or her voting rights on behalf of another shareholder.
- The number of shares on which voting rights cannot be exercised in the preceding paragraph shall not be counted as the number of voting rights of the shareholders present.
- Shareholders shall be entitled to one vote for each share held, except for the circumstances described in Paragraph 2 under Article 179 of the Company Act where shareholders are restricted or prohibited from exercising voting rights.
- If the voting right is exercised in writing or by way of electronic transmission, the method for exercising the voting power shall be cleared stated in the shareholders' meeting notice to be given to the shareholders. Shareholders who exercise their voting rights by electronic means are considered to have attended the meeting in person. The aforesaid shareholders shall also be considered to have forfeited the voting rights on extempore motions and resolution amendments.
- In case a shareholder elects to exercise his/her voting right in writing or by way of electronic transmission, his/her declaration of intention shall be served to the Company two days prior to the scheduled meeting date of the shareholders' meeting, whereas if two or more declarations of the same

intention are served to the Company, the first declaration of such intention received shall prevail. Unless an explicit statement to revoke the previous declaration is made in the later declaration.

In the event that a shareholder who has exercised his/her voting right in writing or by way of electronic transmission intends to attend the shareholders' meeting in person, he/she shall, two days prior to the meeting date of the scheduled shareholders' meeting and in the same manner previously used in exercising his/her voting right, serve a separate declaration of intention to rescind his/her previous declaration of intention made in exercising the voting right under the preceding paragraph. In the absence of a timely rescission of the previous declaration of intention, the voting right exercised in writing or by way of electronic transmission shall prevail. In case a shareholder has exercised his/her voting right in writing or by way of electronic transmission, and has also authorized a proxy to attend the shareholders' meeting on his/her behalf, then the voting right exercised by the authorized proxy for the said shareholder shall prevail.

Article 4. Venue of shareholders meetings shall be where the Company is located or a different location convenient for shareholders to attend and for the meeting to be held with a commencement time no earlier than 9:00 a.m. or later than 3:00 p.m.

Article 5. Shareholders' meetings that are convened by the Board of Directors shall be chaired by the Chairman. If the Chairman is unable to perform such duties due to leave of absence or any other reason, the Vice Chairman shall act on the Chairman's behalf. If the Vice Chairman is unavailable or if the Vice Chairman is also unable to perform such duties due to leave of absence or any other reason, the Chairman may appoint a director to act on behalf. If no delegate is appointed by the Chairman, one shall be elected from among the directors to act on the Chairman's behalf.

For shareholders' meetings convened by any authorized party other than the Board of Directors, the convener shall act as the meeting chairman. If there are two or more conveners at the same time, one shall be appointed among themselves to chair the meeting.

Article 6. The Company may designate retained lawyers, certified public accountants or relevant personnel to attend the shareholders' meeting. Staff handling administrative affairs of the shareholders' meeting shall wear identification badges or arm-bands.

Article 7. The Company shall conduct audio and video recordings of the entire process of the shareholders' meeting and such recordings shall be retained for at least one year. However, if a shareholder makes a litigious claim against the Company according to Article 189 of the Company Act, the abovementioned recordings shall be retained until the end of the litigation.

Article 8. The chairman shall immediately announce the meeting at the scheduled time and at the same time announce the number of non-voting shares and number of shares present, as well as other relevant information. If the number of shareholders present represent less than half of all voting rights, the chairperson may delay the meeting. A meeting may be delayed twice for a combined maximum of one hour. If the meeting is adjourned for a second time and there are shareholders representing at least one-third of the total number of issued shares present, the chairman shall declare the meeting adjourned.

If after two postponements in the preceding paragraph, the number of shareholders present is still insufficient while representing at least one third of the total issued shares, provisional resolutions may be adopted in accordance with Article 175 Paragraph 1 of the Company Act. The shareholders will be notified to convene another shareholders' meeting within one month.

If during the process of the meeting the number of issued shares represented by the shareholders present are sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the meeting for approval in accordance with Article 174 of the Company Act.

Article 9. Agenda of a shareholders meeting called by the Board shall be decided by the Board. The meeting shall proceed according to the agenda unless changed by a shareholders meeting resolution.

The above provision applies mutatis mutandis to cases where the meeting is convened by any person, other than the Board of Directors, entitled to convene such meeting.

Unless otherwise resolved at the meeting, the chairman may not announce adjournment of the meeting before all the discussion items (including special motions) listed in the agenda are resolved.

The shareholders cannot designate any other person as chairman and continue the meeting in the same or other place after the meeting is adjourned. However, in the event that the chairman adjourns the meeting in violation of rules of the meeting, the shareholders may designate, by a

majority of votes represented by shareholders attending the meeting, one person as chairman to continue with the meeting.

Article 10. When a shareholder present at the meeting wishes to speak, a Speech Note shall be filled out with a summary of the speech, the shareholder's number (or the number on their attendance card) and the name of the shareholder. The sequence of speeches by shareholders shall be decided by the chairman. If any shareholder present at the meeting submits a Speech Note but does not speak, no speech shall be deemed to have been made by such a shareholder. If the contents of the statement do not conform to the contents of the statement slip, the contents of the statement shall govern. Unless given consent by the chairperson and the speaking shareholder, other shareholders may not speak to interrupt when a shareholder is speaking; otherwise the chairperson shall stop the interruption.

Article 11. Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than two times (each time not exceeding 5 minutes). In the event that the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder.

Article 12. More than one representative may attend the shareholders' meeting if the shareholder is a legal corporate entity. If a corporate shareholder is commissioned to attend a shareholders' meeting, he or she may designate one representative to attend the meeting. In the event an institutional shareholder assigns two or more representatives to attend the shareholders' meeting, only one of the representatives may speak on any single agenda item.

Article 13. After a shareholder present at the meeting speaks, the chairperson may reply in person or assign relevant personnel to reply.

Article 14. With respect to discussions of a proposal, if the chairperson feels that a consensus has been reached where a vote can be taken on the proposal, he/she may announce that the discussions shall cease and the proposal be submitted for a vote.

- Article 15. The chairperson shall appoint monitors and ballot counters for voting on proposals. For qualifications, monitors must be shareholders. The results of each vote shall be announced on the spot and made into the minutes.
- Article 16. The Chairman may announce a break at his discretion during the meeting. In the event of force majeure, the Chairman may decide to suspend the meeting and announce the time of resumption of the meeting as appropriate. The shareholders' meeting may, in accordance with the provisions of Article 182 of the Company Act, resolve to adjourn or renew the meeting within five days.
- Article 17. Unless otherwise specified in the Company Act or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the meeting.
- Article 18. If there is an amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such a discussion item, including the original agenda, the amendment or the substitute. If any version has been adopted, the remaining shall be deemed as rejected and no further voting is necessary.
- Article 19. The chairman may direct the disciplinary officers (or the security guard) to assist in maintaining order of the meeting place. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officers" for identification purposes. If a shareholder disobeys the chairman's correction order for violating the rules of procedure and obstructs the meeting, the chairman may direct the inspector (or security officer) to escort him/her out of the meeting.
- Article 20. Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within 20 days after the close of the meeting. The preparation and distribution of the minutes of the shareholders' meeting may be effected by means of electronic transmission. The distribution of the meeting minutes mentioned in the preceding paragraph may be effected by way of public announcement on the Market Observation Post System. The minutes of shareholders' meeting shall record the date and place of the meeting, the name of the chairman, the method of adopting resolutions, and

a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept by the Company according to law throughout the existence span of the Company.

Article 21. Matters not addressed in these Rules shall be governed by the Company Act, the Articles of Incorporation of the Company, and other relevant laws and regulations.

Article 22. These Rules shall be implemented following approval from the shareholders' meeting. The same procedure shall apply for amendments to these Rules.

Article 23. This rule was established on September 16, 1987.
4th amendment made on June 16, 2003.
5th amendment made on June 22, 2012
6th amendment made on June 25, 2013
7th amendment made on July 15, 2021.

Appendix 3.

Stock dividend policy

In the event of any surplus in the Company's annual financial statements, the Company shall first pay taxes and make up for accumulated deficits, set aside 10% of the legal reserve, and set aside or reverse the special reserve depending on the Company's operating needs or as required by law, and distribute any surplus together with the accumulated undistributed earnings from previous years. The aforementioned distribution of earnings may be made in cash or in stock. If the distribution is made solely in cash, the Board of Directors is authorized to make the distribution by a resolution approved by a two-thirds majority of the directors present and a majority of the directors present, and to report the distribution to the shareholders' meeting; if the distribution is not made solely in cash, a proposal for the distribution of earnings shall be prepared and submitted to the shareholders' meeting for approval.

The Company's operational life span has reached a positive, stable, and mature stage. With regard to earnings distribution, cash dividends shall be no less than 80% of total dividends, and stock dividends shall be no higher than 20%.

Appendix 4.**Shareholdings of directors**

- I. As of March 26, 2024, the Company has issued a total of 730,213,818 shares.**
- II. The shareholdings of individual and all directors as recorded in the shareholder registry up until the book closure date of the current shareholders' meeting are as follows:**

Title	Name	Shares
Chairman	Mao Sheng Investment Inc. Representative: Chieh-Teng Ho	65,122,877
Vice Chairman	Investment Co., Ltd.: Yu-Shu Ho Representative, He Zhao	62,835,750
Director	Mao Sheng Investment Inc. Representative: Po-Hsun Tung	65,122,877
Director	Episil Holding Incorporation Representative: Chih-Ming Huang	3,387,285
Director	Investment Co., Ltd.: Pao-He Chen Representative of Liang Cheng	7,494,602
Director	Yen-Liang Ho	4,434,894
Independent Director	Der-Ming Lieu	0
Independent Director	Chi-Kang Liu	0
Independent Director	Chia-Wen Liu	0
The minimum shareholdings of all directors required by law		23,366,842
Shareholdings of all directors		143,275,408

Appendix 5.

Additional descriptions

Descriptions of the proposals made in the current annual meeting of shareholders:

Description:

1. According to Article 172-1 of the Company Act, shareholder(s) holding 1% or more of the total number of issued shares of the Company may propose to the Company a proposal for discussion at the annual meeting of shareholders, provided that only one matter shall be allowed in each single proposal which shall be limited to no more than 300 words (including punctuation marks).
2. The period for submitting proposals for the Company's annual meeting of shareholders for this year was between March 16, 2024 and March 26, 2024 and was announced on the Market Observation Post System.
3. The Company did not receive any proposals for the shareholders' meeting during the submission window period.