



# **Tung Ho Steel Enterprise Corporation**

**Tung Ho Steel Enterprise Corporation**

## **Meeting Handbook**

**Annual Meeting of Shareholders 2025**

**May 20, 2025**

**Date:** May 20, 2025 (Tuesday), 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 2025**

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# **Proceedings of the 2025 Annual Meeting of Shareholders**

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Date: May 20, 2025 (Tuesday), 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) 2024 Annual Business Report.**

**(II) Report on the 2024 Annual Financial Statement Reviewed by the Audit Committee.**

**(III) Report on the 2024 Cash Dividends from Earnings.**

**(IV) Report on the 2024 Distribution of Remuneration to Employees and Directors.**

**(V) Report on the 2024 Remuneration Received by Directors.**

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

### **IV. Ratifications**

**(I) Ratification of the 2024 Annual Business Report and Financial Statements.**

**(II) Ratification of the 2024 Annual Earnings Distribution Table.**

### **V. Matters for Discussion:**

**(I) Proposal of the amendments to the "Articles of Incorporation".**

**(II) Proposal of the amendments to the "Procedures Governing the Acquisition and Disposal of Assets".**

### **VI. Extempore motions**

### **VII. Meeting adjourned**

## Reports

### (I) 2024 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 2024 and 2023 are listed in the following table:

Unit: Metric tons

	Production volume			Sales volume		
	2024	2023	Growth rate	2024	2023	Growth rate
Billet	1,840,779	1,901,382	-3.19%	254	13,991	-98.18%
Rebar	1,407,591	1,471,113	-4.32%	1,364,208	1,449,920	-5.91%
H-beam	479,718	503,887	-4.80%	493,475	512,006	-3.62%
Steel plate	103,683	102,264	1.39%	78,186	83,692	-6.58%
Channel	46,087	42,554	8.30%	46,059	39,849	15.58%
I-Beam	1,636	2,395	-31.69%	1,527	2,376	-35.73%
Sale and purchase of steel	0	0	0.00%	503	2,143	-76.53%
Steel sheet piles	2,134	746	186.06%	2,125	1,049	102.57%
Total	3,881,628	4,024,341	-3.55%	1,986,337	2,105,026	-5.64%

2. The net operating income of parent company only and consolidated financial statements for 2024 and 2023 are as follows:

Unit: Thousands of New Taiwan Dollars

	2024	2023(note)	Growth rate
Parent company only operating income	45,177,863	49,355,594	-8.46%
Consolidated operating income	60,162,997	61,505,649	-2.18%

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

3. Please refer to Attachment 1 (page 11) for the business report.
4. Respectfully submitted for your approval.

### (II) Report on the 2024 Annual Financial Statement Reviewed by the Audit Committee.

Description:

1. The Report on the 2024 Annual Financial Statement has been audited and attested 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 (page 15) and Attachment 3 (page 25) for more information.
2. Respectfully submitted for your approval.

### **(III) Report on the 2024 Cash Dividends from Earnings.**

#### Description:

1. In accordance with Article 28-1 of the Company's Articles of Incorporation, 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\$2,920,855,272, or NT\$4 per share, was approved by the resolution of the 14th 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 26, 2025 and the payment date was set as April 23, 2025.
6. Respectfully submitted for your approval.

### **(IV) Report on the 2024 Distribution of Remuneration to Employees and Directors.**

#### Description:

1. Pursuant to Article 28 of the Articles of Incorporation.
2. As approved by the 13th meeting of the 25th term of the Board of Directors, 2.5% of the Company's profit for 2024 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 2024 was NT\$136,813,089 and the total remuneration to directors was NT\$109,450,472.
4. Respectfully submitted for your approval.

### **(V) Report on the 2024 Remuneration Received by Directors.**

#### Description:

1. Please refer to Attachment 4 (page 26) for the Report on the 2024 Remuneration Received by Directors.
2. Director's remuneration policy:
  - (1) In accordance with Article 28 of the Articles of Incorporation, 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:

$$\text{Directors' remuneration} = \text{Distributable directors' remuneration} \times \text{Proportion of shares held by individual directors to the number of shares held by all directors} \times \text{Payout ratio from the performance evaluation of the directors,}$$

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 2024 are shown in the table below, and all evaluations are rated as "superior to the standard": (5 points for strongly agree; 4 points for agree; 3 points for average; 2 points for disagree; 1 point for strongly disagree)

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%	4.89
B. Awareness of the duties of a director	5	16.67%	4.98
C. Participation in the operation of the company	10	33.33%	4.90
D. Management of internal relationship and communication	4	13.33%	4.89
E. The director's professionalism and continuing education	3	10.00%	4.63
F. Internal control	3	10.00%	4.89
Total/average score	30	100.00%	4.86

- (2) Also, in accordance with Article 22-1 of the Company's Articles of Incorporation, 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 in accordance with the actual number of meetings attended.
  - (4) If concurrently serving as a member of functional committees of the Company, the director shall be paid a fixed monthly remuneration as a director and a member of the functional committees, as well as 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 in accordance with 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) If concurrently serving as a member of functional committees of the Company, the independent director shall be paid a fixed monthly remuneration as an independent director and a member of the functional committees, as well as attendance fees in accordance with the actual number of meetings attended.
4. Respectfully submitted for your approval.

**(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 28) for the key summary of the communication between the Audit Committee and the internal audit supervisor in 2024.
2. Respectfully submitted for your approval.

## Ratifications

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### **(I) Ratification of the 2024 Annual Business Report and Financial Statements. (Board of Directors' proposal)**

Description:

1. The accountants and the Audit Committee found no discrepancies in the Company's 2024 business report and financial statements (including the consolidated financial statements). Please refer to Attachment 1 (page 11) and Attachment 6 (page 30).
2. Respectfully submitted for ratification.

Resolution:

### **(II) Ratification of the 2024 Annual Earnings Distribution Table. (Board of Directors' proposal)**

Description:

1. The Company's net income before tax for 2024 was NT\$5,226,260,018. In addition, income tax expense was recognized as NT\$746,423,217 and net profit after tax was NT\$4,479,836,801 in accordance with Bulletin No. 12 of International Financial Reporting Standards
2. For the year of 2024, except for the distribution of cash dividends, the remaining items in the annual earnings distribution table 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 7 (page 39) for the items and descriptions.
3. Respectfully submitted for ratification.

Resolution:

## **Matters for Discussion**

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### **(I) Proposal of the amendments to the "Articles of Incorporation". (Board of Directors' proposal)**

Description:

1. Pursuant to Paragraph 6 of Article 14 of the Securities and Exchange Act, a company shall specify in its Articles of Incorporation that a certain percentage of its annual earnings shall be allocated for salary adjustments or compensation distributions for its non-executive employees. However, the company's accumulated losses shall have been covered. Additionally, the Financial Supervisory Commission's Order No. 1130385442, issued on November 8, 2024, stipulates that publicly listed companies must amend their Articles of Incorporation in accordance with this provision by the latest at the 2025 annual shareholders' meeting. Therefore, the amendment to Article 28 of the Company's "Articles of Incorporation" is hereby enacted.
2. Please refer to Attachment 8 (page 41) for a comparison table of the "Articles of Incorporation" before and after amendment.
3. Respectfully submitted for your approval.

Resolution:

### **(II) Proposal of the amendments to the "Procedures Governing the Acquisition and Disposal of Assets". (Board of Directors' proposal)**

Description:

1. Pursuant to Article 17 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, TWSE/TPEX companies engaging in financial or business transactions with related parties must adhere to the principles of fairness and reasonableness. In addition to establishing written regulations, significant transactions approved by the Board of Directors must be reported at the most recent annual shareholders' meeting at the end of the fiscal year. Therefore, amendments have been made to certain provisions of the Company's "Procedures Governing the Acquisition or Disposal of Assets."
2. Please refer to Attachment 9 (page 42) for a comparison table of the "Procedures Governing the Acquisition or Disposal of Assets" before and after amendment.
3. Respectfully submitted for your approval.

Resolution:

**Extempore motions**

**Meeting adjourned**

## Attachments

## **Tung Ho Steel Enterprise Corporation Business Report**

Dear Shareholders,

In 2024, the global economic landscape is characterized by a strong U.S. dollar, which has maintained its momentum throughout the year, and a consistently rising U.S. stock market. The anticipated economic recession predicted by economists has not materialized, and both employment and consumption remain robust. In mid-2024, the U.S. Federal Reserve initiated a cycle of interest rate cuts. Initially, the market expected these cuts to continue; however, with the election of President Donald Trump, who is set to implement various trade, tax, immigration, deregulation, and government streamlining policies, significant impacts on the U.S. economy are anticipated. Inflation may reoccur, necessitating a reassessment of the ongoing interest rate cuts, which could lead to substantial changes in the global landscape, particularly affecting U.S.-China relations, geopolitical dynamics, global trade, and climate policies. In Europe, the primary economic challenges include stagnant domestic growth, persistently high energy costs, and a chaotic political landscape, all of which are interrelated and mutually reinforcing. The European Central Bank may be positioned to achieve a neutral interest rate more rapidly than other major central banks. Meanwhile, China's economy continues to struggle, with the real estate bubble still in progress. Its real estate market shows no signs of recovery, and local government debt pressures, insufficient consumer investment momentum, weak domestic demand, unemployment, and overcapacity are pressing issues that China urgently needs to address.

The domestic economy continues to benefit from opportunities in artificial intelligence, high-performance computing, and the cloud industry, driving positive growth in our country's exports. As the performance of major global economies, emerging markets, and developing economies shows signs of recovery, global trade is expected to continue expanding, which will support our foreign trade and private investment. Additionally, the growth momentum of private consumption remains stable, resulting in an overall performance characterized by internal stability and external prosperity.

Reviewing the year of 2024, despite the gradual de-escalation of the Russo-Ukrainian War and the conflict in the Gaza Strip, the global steel industry is facing an oversupply of production capacity. Aggressive monetary tightening policies, coupled with significant uncertainties arising from geopolitical conflicts, have heightened the risks and costs associated with the recovery of global steel demand. Consequently, this has led to downward adjustments in the demand forecasts from steel-consuming countries. Furthermore, tight financing conditions, elevated production costs, and persistently weak real estate demand have contributed to a sluggish recovery in steel demand, despite some signs of improvement.

Taiwan's domestic steel market is still affected by the limited economic recovery in major markets such as Europe, the United States and China. In addition, the continued rise in oil and electricity prices affects operating costs. The government's policies of reducing housing prices indirectly affect industrial development, and the effect of the non-self-use house tax has also begun to gradually emerge, making the domestic steel industry face many challenges. Nevertheless, benefiting from the demand for steel in public construction projects and demand of new buildings from large electronics enterprises, the Preferential Housing Loans for the Youth stimulating the domestic real estate market, and the government's continued implementation of the Forward-looking Infrastructure Development Program, the demand for steel has gradually increased.

Although the Company's rebar division continues to benefit from stable demand in public works and from major electronics manufacturers, it is also significantly impacted by the government's policies of reducing housing prices. Additionally, the recent increases in electricity and natural gas prices have resulted in a slight decrease in overall sales and gross profit compared to those of last year. Nevertheless, the Company remains committed to investing in automation, improving environmental equipment, and introducing AI technologies, which effectively control costs and maintain overall operational performance. By managing the balance of volume and price among sales, procurement, and production,

we are able to sustain stable profits even in a challenging economic environment characterized by price fluctuations. Furthermore, the Company's investment in Tung Ho Steel Corporation continues to benefit from a robust construction market, particularly in the building and commercial office sectors. The high demand for steel structures in large-scale construction projects has resulted in excellent production and sales conditions, leading to consecutive record highs in both sales value and profitability, significantly contributing to the parent company's profits. However, Tung Ho Steel Vietnam Corp., Ltd. (THSVC) remains in a loss phase primarily due to intense price competition in the steel market of Vietnam. The Company continues to manage sales and procurement risks of THSVC, optimizing financing plans to reduce capital costs and ensuring a stable supply of steel billets required by the Da-Yeh plant in Taiwan following its production commencement. Other invested businesses have demonstrated commendable operational performance in the fiscal year of 2024, providing substantial contributions to the Company's profits this year.

The consolidated operations and results of the Company and its main investees in 2024 are as follows:

#### I. Results of Production and Sales

Unit: Thousands of New Taiwan Dollars

	Production value			Sales value		
	2024	2023	Growth rate	2024	2023	Growth rate
Billet	39,885,746	41,873,923	-4.75%	3,165	256,670	-98.77%
Rebar	29,901,065	32,135,590	-6.95%	32,208,234	35,282,556	-8.71%
H-Beam	10,007,069	10,739,922	-6.82%	11,467,683	12,510,762	-8.34%
Steel plate (self-made)	2,160,149	2,148,766	0.53%	1,029,433	1,081,823	-4.84%
Steel plate (transaction)	0	0	0.00%	1,756	3,198	-45.09%
Channel	1,032,936	991,574	4.17%	1,160,545	1,053,035	10.21%
I-Beam	36,018	54,115	-33.44%	45,872	83,215	-44.88%
Steel structure	10,404,740	8,348,389	24.63%	12,554,093	10,002,880	25.50%
Environmental protection processing	423,135	320,527	32.01%	422,993	320,527	31.97%
Steel sheet piles	45,402	16,477	175.55%	58,222	30,345	91.87%
Construction revenues	912,866	547,006	66.88%	879,325	511,364	71.96%
Others	487,518	446,623	9.16%	331,676	369,274	-10.18%
Total	95,296,644	97,622,912	-2.38%	60,162,997	61,505,649	-2.18%

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

## II. Profitability Analysis:

Unit: Thousands of New Taiwan Dollars

	2024		2023			Growth rate
	Continuing operations	Subtotal	Continuing operations	Discontinued operations	Subtotal	
Operating revenue	60,162,997	60,162,997	60,961,908	543,741	61,505,649	-2.18%
Operating costs	51,772,427	51,772,427	52,315,715	428,296	52,744,011	-1.84%
Gross profit	8,390,570	8,390,570	8,646,193	115,445	8,761,638	-4.24%
Operating expenses	2,685,629	2,685,629	2,647,493	38,934	2,686,427	-0.03%
Net operating profit	5,704,941	5,704,941	5,998,700	76,511	6,075,211	-6.09%
Net profit before tax	5,724,786	5,724,786	6,002,021	75,680	6,077,701	-5.81%
Net profit after tax	4,525,713	4,525,713	4,709,125	50,695	4,759,820	-4.92%

## III. Financial Structure and Profitability Analysis:

Analyzed Items		Year	2024	2023	
Financial structure	Debt-to-assets ratio (%)		40.30	44.73	
	Long-term fund to fixed assets ratio (%)		192.65	174.43	
Profitability	Return on assets (%)		8.63	9.19	
	Return on shareholder's equity (%)		14.16	15.85	
	Paid-in capital ratio (%)	Operating income		78.13	82.15
		Income before tax		78.40	82.20
	Net profit ratio (%)		7.52	7.81	
Earnings per share (NT\$)		6.13	6.48		

## IV. Overview of Technology and R&D

The Company's research and development expenses for 2024 was NT\$54,619,459, equivalent to 0.09% of the revenue. The research and development (R&D) achievements in steel refining included the development projects of high-purity and high-toughness steel billets, 50mm thick SM570 steel plates, high-strength rebar, testing of various consumables and refractory materials, research projects focused on furnace off-gas detection and dynamic control of burners and carbon intervals in furnaces, research on ORC power generation technology for waste heat recovery from electric furnace exhaust, the development of low-carbon green process technology for electric furnaces, research on preheating and continuous charging processes for scrap steel in electric furnaces, the introduction of full oxygen combustion technology for preheaters of steel drums, the development of closed-loop carbon reduction technology for by-products of electric furnaces, and the design and application development of high-temperature multi-functional thermal interface materials. The R&D achievements in steel rolling included the development of a new special rolling technology for H-shaped steel with a B value of  $\geq 300$ mm using universal edging technology, the creation of a smart combustion control system for heating furnaces, a pioneering development project for large round bar special steel rolling, which is created by Tung Ho, an exclusive innovative development project for parallel groove steel processes in Taiwan, the development of ultra-high-strength steel, the introduction of oxygen-enriched combustion technology in heating furnaces, and the development of automated equipment for product labeling. Other R&D achievements included the application of artificial intelligence technology and the development of smart factory technology, comprehensive and innovative solutions for the circular economy in the steel industry, planning

research on renewable energy sources (solar, wind, biogas power generation), research on carbon capture, utilization, and storage (CCUS) technology, research on hydrogen energy technology, the establishment of an industrial big data energy management system, the development of integrated software for steel plate production, and the development of automation solutions for warehouse entry and management of finished products. The Company's main R&D plans for 2025 include: 1. Development of automated equipment for ID marking and tracking of steel billets; 2. Development of automated equipment for the maintenance of continuous casting machine robotic arms and LD sliding gate maintenance; 3. Research on the application of bio-carbon, bio-coke, and bio-char in the metallurgical field; 4. Development of wind quenching waste heat power generation processes; 5. Development of an automatic measurement and surface quality detection system for H-shaped steel/steel plate production lines; 6. Development of thermoelectric power generation systems. 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 2025, the impacts of the Trump 2.0 policies, the long-term decline of the Chinese real estate market affecting China's economic belt, economic weakness in Europe, fluctuations of interest rates caused by central banks around the world, the intensification of the U.S.-China technology war, rising geopolitical risks, the potential re-emergence of supply chain crises due to extreme climate conditions stemming from climate change, and the development and application of artificial intelligence may all indirectly influence the growth of Taiwan's economy and the global economy, as well as industrial development, either positively or negatively. In August 2024, the Ministry of Environment officially announced regulations concerning carbon fees, stipulating that the carbon fee rate will take effect on January 1, 2025. The Company has proactively initiated carbon footprint assessments and will propose plans for voluntary reduction and energy-saving measures, recognizing climate change as a material issue and a key risk factor in our corporate sustainable development strategy. The Company will continue to monitor global climate change trends and international responses, conducting thorough analysis and management. In the future, we will undertake major equipment renovations, committed to adapting to and reducing greenhouse gas emissions, striving to achieve a 30% share of renewable energy by 2030, and contributing to a sustainable environment and net-zero carbon emissions. In light of the rapid changes in the global political and economic landscape and the Taiwanese steel market, the Company's management must maintain a cautious and vigilant approach, ready to adapt at all times without negligence. We believe that through the collective efforts of all colleagues, we can transform crises into opportunities and achieve outstanding results in this year's operations. The management team will continue to uphold the principles of self-discipline, wisdom, and optimism, enhancing competitiveness, reducing costs, improving management, and dedicating efforts to developing new markets and products, thereby maximizing value for our shareholders.

Best wishes to all shareholders

May you be blessed with good health and good luck

**Chairman  
Manager  
Head of Accounting**

## Independent Auditor's Report on the Parent Company Only Financial Statements

### 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, 2024 and 2023, 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, 2024 and 2023, 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, 2024. 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(t) “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 25, 2025

#### **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 Auditor's Report on the Consolidated Financial Statements

## 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, 2024 and 2023, 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, 2024 and 2023, 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, 2024. 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(q) “Revenue recognition” and Note 6(u) “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(q) “Revenue recognition— Construction contracts” Note 5(c) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty on construction contracts”, and Note 6(u) “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(o) “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, 2024 and 2023, 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 25, 2025

#### **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 2024 business report, financial statements (including parent company only and consolidated financial statements) and proposal of distribution of earnings, among which the financial statements (including parent company only and consolidated financial statements) were certified by CPAs Cihui Li and Hui-Chih Kou of KPMG in Taiwan, and the CPAs issued a review report that expresses unqualified opinion. The aforementioned business report, financial statements and proposal of distribution of earnings have been reviewed by the Audit Committee as correctly portraying the Company'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 approval.

To:

The 2025 Annual Shareholders' Meeting of

Tung Ho Steel Enterprise Corporation  
Audit Committee convener: Chia-Wen Liu

February 25, 2025

Attachment 4

2024 Directors' Remuneration:

Title	Name	Directors' remuneration (NT\$)								Total Remuneration (A+B+C+D) as a % of Net Income after Tax		Remuneration received as the Company's employee (NT\$)								Total Remuneration (A+B+C+D+E+F+G) as a (%) of Net Income after Tax		Amount of remuneration received from non-subsidiary investee companies or parent company
		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	Cash Amount	Stock Amount	Cash Amount	Stock Amount					
Chairman	Mao Sheng Investment Co., Ltd. Company Representative: Henry C. T. Ho	3,000,000	3,000,000	0	0	24,433,387	24,433,387	45,000	57,000	0.61	0.61	0	0	0	0	0	0	0	0	0.61	0.61	0
Director	Mao Sheng Investment Co., Ltd. Company Representative: Joshua P. H. Tung	600,000	600,000	0	0	24,433,387	24,433,387	35,000	35,000	0.56	0.56	0	0	0	0	0	0	0	0	0.56	0.56	0
Vice Chairman	He-Chao Investment Co., Ltd. Company Representative: George Y. S. Ho	1,200,000	1,200,000	0	0	47,150,565	47,150,565	35,000	35,000	1.08	1.08	0	0	0	0	0	0	0	0	1.08	1.08	0
Director	Episil Holding Incorporation Company Representative: Chih-Ming Huang	600,000	600,000	0	0	2,541,744	2,541,744	35,000	35,000	0.07	0.07	0	0	0	0	0	0	0	0	0.07	0.07	0
Director	Liang Cheng Investment Co., Ltd. Company Representative: Pao-He Chen	600,000	600,000	0	0	5,623,784	5,623,784	35,000	35,000	0.14	0.14	0	0	0	0	0	0	0	0	0.14	0.14	0
Director	Yen-Liang Ho	600,000	600,000	0	0	5,267,605	5,267,605	35,000	35,000	0.13	0.13	0	0	0	0	0	0	0	0	0.13	0.13	0
Independent Director	Der-Ming Lieu	960,000	960,000	0	0	0	0	80,000	80,000	0.02	0.02	0	0	0	0	0	0	0	0	0.02	0.02	0
Independent Director	Chi-Kang Liu	960,000	960,000	0	0	0	0	100,000	100,000	0.02	0.02	0	0	0	0	0	0	0	0	0.02	0.02	0
Independent Director	Chia-Wen Liu	960,000	960,000	0	0	0	0	90,000	90,000	0.02	0.02	0	0	0	0	0	0	0	0	0.02	0.02	0
Total		9,480,000	9,480,000	0	0	109,450,472	109,450,472	490,000	502,000	2.66	2.66	0	0	0	0	0	0	0	0	2.66	2.66	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 in accordance with 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) If concurrently serving as a member of functional committees of the Company, the independent director shall be paid a fixed monthly remuneration as an independent director and a member of the functional committees, as well as 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 (e.g. as consultants to the parent company/non-employees of all companies in the financial report/the reinvestment business, etc) in the most recent year: None.

## Summary of Key Points of Communication between the Audit Committee and Internal Audit Supervisor for 2024

Date	Communication content	Communicate situation and results	The Company's handling of the independent directors' opinions
2024.02.26 Audit Committee	Audit Report for December 2023 to January 2024.	All members present had no objections and the report was then submitted to the Board of Directors.	Acknowledged by the Board of Directors.
	Issuance of the Company of "Statement of Internal Control" for the year of 2023.	All members present had no objections and the statement was then submitted to the Board of Directors for resolution.	The resolution of the Board of Directors was approved as written.
2024.04.30 Audit Committee	Audit Report for February-March 2024.	All members present had no objections and the report was then submitted to the Board of Directors.	Acknowledged by the Board of Directors.
2024.05.24 Board of Directors	Audit Report for April 2024.	All members present had no objections and the report was then submitted to the Board of Directors.	Acknowledged by the Board of Directors.
2024.07.30 Audit Committee	Audit Report for May-June 2024.	All members present had no objections and the report was then submitted to the Board of Directors.	Acknowledged by the Board of Directors.
2024.08.22 Audit Committee	Audit Report for July 2024.	All members present had no objections and the report was then submitted to the Board of Directors.	Acknowledged by the Board of Directors.
2024.10.29 Audit Committee	Audit Report for August-September 2024.	All members present had no objections and the report was then submitted to the Board of Directors.	Acknowledged by the Board of Directors.
	Amendments to the Internal Control System and Guidelines for the Implementation of Internal Audits.	It is advised that some articles be amended and then submitted 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.

Date	Communication content	Communicate situation and results	The Company's handling of the independent directors' opinions
2024.10.29 Separate Communication Symposium (post-board meeting)	The Audit Supervisor communicated separately with the independent directors on the formulation of the 2025 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 2025 Annual Audit Plan based on the guidance and suggestions of the independent directors and submit it for discussion by the Board of Directors.
2024.12.24 Audit Committee	Audit Report for October-November 2024.	All members present had no objections and the report was then submitted to the Board of Directors.	Acknowledged by the Board of Directors.
	Proposal for 2025 Annual Audit Plan.	All members present had no objections and the proposal was then submitted to the Board of Directors for resolution.	The resolution of the Board of Directors was approved as written.
2024.12.24 Internal Control Seminar (post-board meeting)	<p>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:</p> <ol style="list-style-type: none"> <li>1. Addition (revision) of internal control system.</li> <li>2. Report on annual audit performance.</li> <li>3. Report on deficiencies found during the audit and improvement implementation.</li> <li>4. Endorsements/ guarantees, loan of funds and circumstances.</li> </ol>	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.

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

## TUNG HO STEEL ENTERPRISE CORPORATION

## Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2024		December 31, 2023			December 31, 2024		December 31, 2023			
	Amount	%	Amount	%		Amount	%	Amount	%		
<b>Assets</b>					<b>Liabilities and Equity</b>						
<b>Current assets:</b>					<b>Current liabilities:</b>						
1100	Cash and cash equivalents (Note 6(a))	\$ 435,806	1	393,566	1	2100	Short-term loans (Note 6(k))	\$ 6,259,439	13	10,442,950	21
1110	Current financial assets at fair value through profit or loss (Note 6(b))	109,204	-	144,619	-	2120	Current financial liabilities at fair value through profit or loss (Note 6(b))	4,052	-	60,457	-
1150	Notes receivable, net (Notes 6(d) and (t))	62,952	-	176,658	-	2130	Current contract liabilities (Notes 6(t) and 7)	1,471,511	3	1,232,093	3
1170	Accounts receivable, net (including to related parties) (Notes 6(d), (t) and 7)	3,179,900	7	4,118,841	8	2150	Notes payable	239,643	-	16,032	-
1200	Other receivables (Notes 6(e) and 7)	1,666,699	4	23,866	-	2170	Accounts payable(including to related parties) (Note 7)	1,637,875	3	2,066,656	4
1310	Inventories (Note 6(f))	16,195,910	34	17,070,795	35	2200	Other payables(including to related parties) (Notes 6(o) and 7)	1,921,902	4	1,947,863	4
1410	Prepayments	198,481	-	263,718	1	2230	Current tax liabilities	298,988	1	498,570	1
1470	Other current assets	168	-	137	-	2280	Current lease liabilities (Note 6(m))	21,905	-	27,813	-
	<b>Total current assets</b>	<u>21,849,120</u>	<u>46</u>	<u>22,192,200</u>	<u>45</u>	2322	Long-term loans, current portion (Note 6(l))	300,000	1	-	-
	<b>Non-current assets:</b>					2300	Other current liabilities	11,579	-	11,172	-
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	619,100	1	634,082	1		<b>Total current liabilities</b>	<u>12,166,894</u>	<u>25</u>	<u>16,303,606</u>	<u>33</u>
1550	Investments accounted for using the equity method (Notes 6(g) and 7)	10,298,646	22	10,456,213	22		<b>Non-Current liabilities:</b>				
1600	Property, plant and equipment (Notes 6(h) and 7)	12,987,018	27	13,338,811	28	2540	Long-term loans (Note 6(l))	2,907,000	6	1,000,000	3
1755	Right-of-use assets (Note 6(i))	105,784	-	124,371	-	2570	Deferred tax liabilities (Note 6(q))	174,190	1	169,428	-
1760	Investment property (Notes 6(h) and (j))	1,974,279	4	1,923,110	4	2580	Non-current lease liabilities (Note 6(m))	87,702	-	100,557	-
1840	Deferred tax assets (Note 6(q))	33,742	-	44,295	-	2640	Non-current defined benefit liability, net (Note 6(p))	34,625	-	207,573	-
1990	Other non-current assets	40,649	-	44,496	-	2645	Guarantee deposits received (Note 7)	9,541	-	7,016	-
1915	Prepayments for equipment	41,407	-	22,805	-		<b>Total non-current liabilities</b>	<u>3,213,058</u>	<u>7</u>	<u>1,484,574</u>	<u>3</u>
1920	Refundable deposits (Note 8)	69,695	-	56,077	-		<b>Total liabilities</b>	<u>15,379,952</u>	<u>32</u>	<u>17,788,180</u>	<u>36</u>
	<b>Total non-current assets</b>	<u>26,170,320</u>	<u>54</u>	<u>26,644,260</u>	<u>55</u>		<b>Equity (Note 6(r))</b>				
	<b>Total assets</b>	<u>\$ 48,019,440</u>	<u>100</u>	<u>48,836,460</u>	<u>100</u>	3100	Capital stock	7,302,138	15	7,302,138	15
						3200	Capital surplus	7,742,308	16	7,739,750	16
							Retained earnings:				
						3310	Legal reserve	5,600,943	12	5,127,305	10
						3320	Special reserve	614,156	1	486,844	1
						3350	Unappropriated retained earnings	11,636,693	25	10,697,520	22
							Total retained earnings	<u>17,851,792</u>	<u>38</u>	<u>16,311,669</u>	<u>33</u>
						3400	Other equity interest	(256,750)	(1)	(305,277)	-
							<b>Total equity</b>	<u>32,639,488</u>	<u>68</u>	<u>31,048,280</u>	<u>64</u>
							<b>Total liabilities and equity</b>	<u>\$ 48,019,440</u>	<u>100</u>	<u>48,836,460</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, 2024 and 2023**

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

	For the years ended December 31,			
	2024		2023	
	Amount	%	Amount	%
4000 <b>Operating revenue (Notes 6(t) and 7)</b>	\$ 45,177,863	100	49,355,594	100
5000 <b>Operating costs (Notes 6(f), (h), (i), (j), (p), 7 and 12)</b>	<u>39,656,363</u>	<u>88</u>	<u>42,697,852</u>	<u>87</u>
5900 <b>Gross profit from operations</b>	5,521,500	12	6,657,742	13
5910 Less: Unrealized profit (loss) from sales (Note 7)	69,152	-	74,620	-
5920 Add: Realized profit (loss) from sales (Note 7)	<u>74,620</u>	<u>-</u>	<u>64,907</u>	<u>-</u>
5950 <b>Gross profit, net</b>	<u>5,526,968</u>	<u>12</u>	<u>6,648,029</u>	<u>13</u>
6000 <b>Operating expenses:</b>				
6100 Selling expenses (Notes 6(h), (i), (j), (p), (v), 7 and 12)	(875,375)	(2)	(877,016)	(2)
6200 Administrative expenses (Notes 6(h), (i), (j), (p), (v), 7 and 12)	(1,139,499)	(2)	(1,182,937)	(2)
6450 Expected credit (impairment loss) reversal of impairment loss (Note 6(d))	<u>(7,722)</u>	<u>-</u>	<u>11,440</u>	<u>-</u>
6500 <b>Total operating expenses</b>	<u>(2,022,596)</u>	<u>(4)</u>	<u>(2,048,513)</u>	<u>(4)</u>
6900 <b>Operating income</b>	<u>3,504,372</u>	<u>8</u>	<u>4,599,516</u>	<u>9</u>
7000 <b>Non-operating income and expenses:</b>				
7010 Other income (Notes 6(v) and 7)	120,541	-	106,209	-
7100 Interest income (Notes 6(v) and 7)	19,922	-	18,460	-
7020 Other gains and losses, net (Notes 6(g) and (v))	181,945	-	174,591	-
7050 Finance costs, net (Notes 6(m) and (v))	(190,896)	-	(224,950)	-
7060 Share of profit of subsidiaries and associates accounted for using the equity method, net (Note 6(g))	<u>1,590,376</u>	<u>4</u>	<u>1,031,037</u>	<u>2</u>
<b>Total non-operating income and expenses</b>	<u>1,721,888</u>	<u>4</u>	<u>1,105,347</u>	<u>2</u>
7900 <b>Profit before income tax</b>	5,226,260	12	5,704,863	11
7950 Less: Income tax expenses (Note 6(q))	<u>746,423</u>	<u>2</u>	<u>975,517</u>	<u>2</u>
<b>Profit</b>	<u>4,479,837</u>	<u>10</u>	<u>4,729,346</u>	<u>9</u>
8300 <b>Other comprehensive income (loss):</b>				
8310 <b>Items that will not be reclassified subsequently to profit or loss:</b>				
8311 Remeasurements of defined benefit plans (Note 6(p))	125,986	-	6,848	-
8316 Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	(13,440)	-	113,272	-
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))	745	-	(1,490)	-
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>
<b>Total items that will not be reclassified subsequently to profit or loss</b>	<u>113,291</u>	<u>-</u>	<u>118,630</u>	<u>-</u>
8360 <b>Items that may be reclassified subsequently to profit or loss:</b>				
8361 Exchange differences on translation of foreign financial statements	62,420	-	(104,984)	-
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>
<b>Total items that may be reclassified subsequently to profit or loss</b>	<u>62,420</u>	<u>-</u>	<u>(104,984)</u>	<u>-</u>
8300 <b>Other comprehensive income</b>	<u>175,711</u>	<u>-</u>	<u>13,646</u>	<u>-</u>
8500 <b>Total comprehensive income</b>	<u>\$ 4,655,548</u>	<u>10</u>	<u>4,742,992</u>	<u>9</u>
9750 <b>Basic earnings per share (in dollars) (Note 6(s))</b>	<u>\$ 6.13</u>		<u>6.48</u>	
9850 <b>Diluted earnings per share(in dollars) (Note 6(s))</b>	<u>\$ 6.12</u>		<u>6.46</u>	

(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, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

	Retained earnings						Total other equity interest		Total equity	
	Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		Total other equity interest
<b>Balance at January 1, 2023</b>	\$ 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
Profit 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 for the period	-	-	-	-	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 accounted for using the 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	-
<b>Balance at December 31, 2023</b>	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
Profit for the period	-	-	-	-	4,479,837	4,479,837	-	-	-	4,479,837
Other comprehensive income for the period	-	-	-	-	126,749	126,749	62,420	(13,458)	48,962	175,711
Total comprehensive income for the period	-	-	-	-	4,606,586	4,606,586	62,420	(13,458)	48,962	4,655,548
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	473,638	-	(473,638)	-	-	-	-	-
Special reserve appropriated	-	-	-	127,312	(127,312)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,066,898)	(3,066,898)	-	-	-	(3,066,898)
Other changes in capital surplus	-	2,558	-	-	-	-	-	-	-	2,558
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	435	435	-	(435)	(435)	-
<b>Balance as of December 31, 2024</b>	\$ <b>7,302,138</b>	<b>7,742,308</b>	<b>5,600,943</b>	<b>614,156</b>	<b>11,636,693</b>	<b>17,851,792</b>	<b>(562,748)</b>	<b>305,998</b>	<b>(256,750)</b>	<b>32,639,488</b>

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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2024	2023
<b>Cash flows from (used in) operating activities:</b>		
Income before income tax	\$ 5,226,260	5,704,863
<b>Adjustments:</b>		
Adjustments to reconcile profit or loss:		
Depreciation expense	980,400	993,323
Amortization expense	8,336	9,880
Expected credit impairment losses (reversal benefit)	7,722	(11,440)
Net gain on financial assets or liabilities at fair value through profit or loss	(129,259)	(130,340)
Interest expense	190,896	224,950
Interest income	(19,922)	(18,460)
Dividend income	(39,804)	(37,763)
Share of gain of subsidiaries and associates accounted for using the equity method	(1,590,376)	(1,031,037)
(Gain) Loss on disposal of property, plant and equipment	(1,207)	2,008
Prepayment of equipment transferred to expenses	-	3,728
Unrealized profit from sales	69,152	74,620
Realized profit from sales	(74,620)	(64,907)
Unrealized foreign currency exchange (gain) loss	(24,777)	858
<b>Total adjustments to reconcile profit or loss</b>	<b>(623,459)</b>	<b>15,420</b>
<b>Changes in operating assets and liabilities:</b>		
Decrease in financial assets mandatorily measured at fair value through profit or loss	108,269	194,240
Decrease (increase) in notes receivable	114,080	(12,000)
Decrease (increase) in accounts receivable	845,956	(1,064,087)
Decrease (increase) in accounts receivable from related parties	87,440	(30,530)
Decrease (increase) in other receivable	12,818	(9,394)
Decrease (increase) in inventories	874,122	(1,113,981)
Decrease (increase) in prepayments	65,237	(73,944)
Increase in other current assets	(31)	(9)
Increase in other operating assets	(4,489)	-
<b>Total changes in operating assets</b>	<b>2,103,402</b>	<b>(2,109,705)</b>
Increase (decrease) in contract liabilities	239,418	(106,436)
Increase (decrease) in notes payable	223,611	(61,235)
(Decrease) increase in accounts payable	(428,781)	624,119
(Decrease) increase in other payables	(37,184)	116,088
Increase in other current liabilities	407	996
Decrease in net defined benefit liability	(46,962)	(46,536)
<b>Total changes in operating liabilities</b>	<b>(49,491)</b>	<b>526,996</b>
<b>Net changes in operating assets and liabilities</b>	<b>2,053,911</b>	<b>(1,582,709)</b>
<b>Total adjustments</b>	<b>1,430,452</b>	<b>(1,567,289)</b>
Cash inflow generated from operations	6,656,712	4,137,574
Interest received	19,773	18,432
Dividends received	1,580,812	713,248
Interest paid	(188,679)	(224,539)
Income taxes paid	(930,690)	(908,369)
<b>Net cash flows from operating activities</b>	<b>7,137,928</b>	<b>3,736,346</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(3,858)	(3,941)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	5,400	5,960
Proceeds from disposal of financial assets at fair value through profit or loss	-	45,048
Proceeds from capital reduction of investments accounted for using equity method	275,567	458,406
Acquisition of property, plant and equipment	(565,726)	(406,438)
Proceeds from disposal of property, plant and equipment	674	43
(Increase) decrease in refundable deposits	(13,618)	16,334
Increase in other receivables	(1,639,500)	-
Decrease in other receivables	-	758,800
Acquisition of investment properties	(56,012)	(3,304)
Increase in prepayments for equipment	(33,144)	(19,978)
<b>Net cash flows (used in) from investing activities</b>	<b>(2,030,217)</b>	<b>850,930</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	76,115,353	95,899,399
Decrease in short-term loans	(80,298,864)	(96,484,223)
Increase in short-term notes and bills payable	1,550,000	300,000
Decrease in short-term notes and bills payable	(1,550,000)	(900,000)
Proceeds from long-term loans	5,507,000	1,000,000
Repayments of long-term loans	(3,300,000)	(1,950,000)
Increase (decrease) in guarantee deposits received	2,525	(2,095)
Payment of lease liabilities	(33,189)	(30,889)
Cash dividends paid	(3,066,898)	(2,555,748)
<b>Net cash used in financing activities</b>	<b>(5,074,073)</b>	<b>(4,723,556)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>8,602</b>	<b>11,798</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>42,240</b>	<b>(124,482)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>393,566</b>	<b>518,048</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 435,806</b>	<b>393,566</b>

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

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2024		December 31, 2023			December 31, 2024		December 31, 2023			
	Amount	%	Amount	%		Amount	%	Amount	%		
<b>Assets</b>					<b>Liabilities and equity</b>						
<b>Current assets:</b>					<b>Current liabilities:</b>						
1100	Cash and cash equivalents (Note 6(a))	\$ 1,519,082	3	1,732,667	3	2100	Short-term loans (Note 6(l))	\$ 8,770,644	16	13,884,659	25
1110	Current financial assets at fair value through profit or loss (Note 6(b))	109,204	-	144,619	-	2120	Current financial liabilities at fair value through profit or loss (Note 6(b))	3,855	-	60,861	-
1140	Current contract assets (Note 6(u))	5,492,215	10	4,426,703	8	2130	Current contract liabilities (Note 6(u))	3,581,004	7	2,991,668	5
1150	Notes receivable, net (Notes 6(d) and (u))	73,381	-	213,233	-	2150	Notes payable	249,352	-	17,807	-
1170	Accounts receivable, net (including from related parties) (Notes 6(d), (u) and 7)	3,361,617	6	4,189,707	7	2170	Accounts payable (including to related parties) (Note 7)	2,671,231	5	2,985,512	5
1200	Other receivables(including from related parties) (Notes 6(e) and 7)	32,152	-	229,780	1	2200	Other payables (including to related parties) (Notes 6(p) and 7)	2,461,096	5	2,248,736	4
1310	Inventories (Note 6(f))	19,073,355	35	19,894,017	35	2230	Current tax liabilities	599,889	1	710,236	1
1410	Prepayments	308,987	1	315,208	1	2250	Current provisions	920	-	702	-
1470	Other current assets (Note 8)	1,138,055	2	1,121,723	2	2280	Current lease liabilities (Note 6(n))	39,209	-	43,047	-
	<b>Total current assets</b>	<u>31,108,048</u>	<u>57</u>	<u>32,267,657</u>	<u>57</u>	2322	Long-term loans, current portion (Note 6(m))	304,846	1	190,515	1
	<b>Non-current assets:</b>					2399	Other current liabilities, others	13,436	-	12,992	-
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	619,100	1	636,347	1		<b>Total current liabilities</b>	<u>18,695,482</u>	<u>35</u>	<u>23,146,735</u>	<u>41</u>
1550	Investments accounted for using the equity method (Note 6(h))	1,494,909	3	1,503,674	3	2540	<b>Non-current liabilities:</b>				
1600	Property, plant and equipment (Note 6(i))	18,782,636	34	19,052,245	34	2570	Long-term loans (Note 6(m))	2,941,324	5	1,421,411	3
1755	Right-of-use assets (Note 6(j))	289,112	1	313,529	1	2580	Deferred tax liabilities (Note 6(r))	174,230	-	169,431	-
1760	Investment property, net (Notes 6(i) and (k))	1,974,279	4	1,923,110	3	2640	Non-current lease liabilities (Note 6(n))	122,965	-	140,808	-
1780	Intangible assets	164,019	-	167,964	-	2645	Net defined benefit liability, non-current (Note 6(q))	37,772	-	211,060	1
1840	Deferred tax assets (Note 6(r))	72,075	-	84,931	-	2650	Guarantee deposits received (Note 7)	9,541	-	7,016	-
1900	Other non-current assets (Note 8)	49,102	-	54,732	-	2550	Non-current provisions	137,207	-	121,241	-
1911	Natural resources	8,342	-	8,730	-		<b>Total non-current liabilities</b>	<u>3,423,039</u>	<u>5</u>	<u>2,070,967</u>	<u>4</u>
1915	Prepayments for equipment	125,243	-	53,505	-		<b>Total liabilities</b>	<u>22,118,521</u>	<u>40</u>	<u>25,217,702</u>	<u>45</u>
1920	Refundable deposits (Note 8)	193,752	-	312,456	1	3100	<b>Equity (Note 6(s)):</b>				
	<b>Total non-current assets</b>	<u>23,772,569</u>	<u>43</u>	<u>24,111,223</u>	<u>43</u>	3200	Capital stock	7,302,138	13	7,302,138	13
						3200	Capital surplus	7,742,308	14	7,739,750	14
							Retained earnings:				
						3310	Legal reserve	5,600,943	10	5,127,305	9
						3320	Special reserve	614,156	1	486,844	1
						3350	Unappropriated retained earnings	11,636,693	22	10,697,520	19
							Total retained earnings	17,851,792	33	16,311,669	29
						3400	Other equity interest	(256,750)	-	(305,277)	(1)
							Total equity attributable to owners of the parent	32,639,488	60	31,048,280	55
						36XX	Non-controlling interests	122,608	-	112,898	-
							<b>Total equity</b>	<u>32,762,096</u>	<u>60</u>	<u>31,161,178</u>	<u>55</u>
							<b>Total liabilities and equity</b>	<u>\$ 54,880,617</u>	<u>100</u>	<u>\$ 56,378,880</u>	<u>100</u>
	<b>Total assets</b>	<u>\$ 54,880,617</u>	<u>100</u>	<u>\$ 56,378,880</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, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		<b>For the years ended December 31,</b>			
		<b>2024</b>		<b>2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue (Notes 6(u) and 7)</b>	\$ 60,162,997	100	60,961,908	100
5000	<b>Operating costs (Notes 6(f), (i), (j), (k), (q), 7 and 12(a))</b>	<u>(51,772,427)</u>	<u>(86)</u>	<u>(52,315,715)</u>	<u>(86)</u>
5900	<b>Gross profit from operations</b>	<u>8,390,570</u>	<u>14</u>	<u>8,646,193</u>	<u>14</u>
6000	<b>Operating expenses:</b>				
6100	Selling expenses (Notes 6(i), (j), (k), (q), (v), 7 and 12(a))	(1,131,847)	(2)	(1,126,406)	(2)
6200	Administrative expenses (Notes 6(i), (j), (k), (q), (v), 7 and 12(a))	(1,545,055)	(2)	(1,530,609)	(2)
6450	Expected credit (impairment loss) reversal of impairment loss (Note 6(d))	<u>(8,726)</u>	<u>-</u>	<u>9,522</u>	<u>-</u>
6500	<b>Total operating expenses</b>	<u>(2,685,628)</u>	<u>(4)</u>	<u>(2,647,493)</u>	<u>(4)</u>
6900	<b>Net operating income</b>	<u>5,704,942</u>	<u>10</u>	<u>5,998,700</u>	<u>10</u>
7000	<b>Non-operating income and expenses:</b>				
7100	Interest income (Note 6(w))	33,848	-	37,311	-
7010	Other income (Notes 6(w) and 7)	100,552	-	102,946	-
7020	Other gains and losses (Notes 6(w) and 7)	132,424	-	168,332	-
7050	Finance costs (Notes 6(n) and (w))	(343,750)	-	(434,699)	-
7060	Share of profit of associates accounted for using the equity method (Note 6(h))	<u>96,770</u>	<u>-</u>	<u>129,431</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>19,844</u>	<u>-</u>	<u>3,321</u>	<u>-</u>
7900	<b>Profit before income tax</b>	5,724,786	10	6,002,021	10
7950	Less: income tax expenses (Note 6(r))	<u>1,199,072</u>	<u>2</u>	<u>1,292,896</u>	<u>2</u>
	<b>Net profit for continuing operations</b>	<u>4,525,714</u>	<u>8</u>	<u>4,709,125</u>	<u>8</u>
	<b>Profit (loss) from discontinued operations (Note 12(b)):</b>				
8100	Profit (loss) from discontinued operations, net of tax	<u>-</u>	<u>-</u>	<u>50,695</u>	<u>-</u>
8200	<b>Profit</b>	<u>4,525,714</u>	<u>8</u>	<u>4,759,820</u>	<u>8</u>
8300	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8311	Remeasurements of defined benefit plans	126,587	-	6,848	-
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(13,386)	-	113,284	-
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	217	-	(1,490)	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>120</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Total items that will not be reclassified subsequently to profit or loss</b>	<u>113,298</u>	<u>-</u>	<u>118,642</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	62,761	-	(122,960)	-
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>
	<b>Total items that may be reclassified subsequently to profit or loss</b>	<u>62,761</u>	<u>-</u>	<u>(122,960)</u>	<u>-</u>
8300	<b>Other comprehensive income</b>	<u>176,059</u>	<u>-</u>	<u>(4,318)</u>	<u>-</u>
8500	<b>Total comprehensive income</b>	<u>\$ 4,701,773</u>	<u>8</u>	<u>4,755,502</u>	<u>8</u>
8600	<b>Profit attributable to:</b>				
8610	Owners of the parent	\$ 4,479,837	8	4,729,346	8
8620	Non-controlling interests	<u>45,877</u>	<u>-</u>	<u>30,474</u>	<u>-</u>
		<u>\$ 4,525,714</u>	<u>8</u>	<u>4,759,820</u>	<u>8</u>
8700	<b>Comprehensive income attributable to:</b>				
8710	Owners of the parent	\$ 4,655,548	8	4,742,992	8
8720	Non-controlling interests	<u>46,225</u>	<u>-</u>	<u>12,510</u>	<u>-</u>
		<u>\$ 4,701,773</u>	<u>8</u>	<u>4,755,502</u>	<u>8</u>
	<b>Basic earnings per share (in dollars) (Note 6(t))</b>				
9710	Continuing operations	\$	6.13		6.41
	Discontinued operation	<u>-</u>			<u>0.07</u>
		<u>\$</u>	<u>6.13</u>		<u>6.48</u>
	<b>Diluted earnings per share (in dollars) (Note 6(t))</b>				
9810	Continuing operations	\$	6.12		6.39
	Discontinued operation	<u>-</u>			<u>0.07</u>
		<u>\$</u>	<u>6.12</u>		<u>6.46</u>

(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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Other equity interest			Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	Retained earnings						Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total			
	Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total						
<b>Balance as of January 1, 2023</b>	\$ 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
Profit 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 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)
<b>Balance at December 31, 2023</b>	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
Profit for the period	-	-	-	-	4,479,837	4,479,837	-	-	-	4,479,837	45,877	4,525,714
Other comprehensive income for the period	-	-	-	-	126,749	126,749	62,420	(13,458)	48,962	175,711	348	176,059
Total comprehensive income for the period	-	-	-	-	4,606,586	4,606,586	62,420	(13,458)	48,962	4,655,548	46,225	4,701,773
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	473,638	-	(473,638)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	127,312	(127,312)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,066,898)	(3,066,898)	-	-	-	(3,066,898)	-	(3,066,898)
Other changes in capital surplus	-	2,558	-	-	-	-	-	-	-	2,558	-	2,558
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	435	435	-	(435)	(435)	-	-	-
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	(36,515)	(36,515)
<b>Balance as of December 31, 2024</b>	\$ 7,302,138	7,742,308	5,600,943	614,156	11,636,693	17,851,792	(562,748)	305,998	(256,750)	32,639,488	122,608	32,762,096

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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2024	2023
<b>Cash flows from operating activities:</b>		
Profit before tax of continuing operations	\$ 5,724,786	6,002,021
Profit before tax of discontinued operations	-	75,680
Profit before tax	<u>5,724,786</u>	<u>6,077,701</u>
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,545,938	1,566,817
Amortization expense	53,739	36,375
Expected credit impairment loss (reversal of impairment loss)	8,726	(9,517)
Net gain on financial assets or liabilities at fair value through profit or loss	(148,036)	(136,851)
Interest expense	343,750	434,948
Interest income	(33,848)	(40,930)
Dividend income	(39,803)	(38,018)
Share of profit of associates accounted for using the equity method	(96,770)	(129,431)
Loss on disposal of property, plant and equipment	2,401	5,206
Gain on lease modification	(2)	-
Loss from disposal of subsidiaries	-	14,354
Impairment loss on financial assets	20,563	-
Impairment loss on non-financial assets	-	1,751
Unrealized foreign exchange gains	(8,777)	(32,341)
Property, plant and equipment transferred to expense	6,955	-
Prepayments for equipment transferred to expense	7,918	4,379
<b>Total adjustments to reconcile profit or loss</b>	<u>1,662,754</u>	<u>1,676,742</u>
<b>Changes in operating assets and liabilities:</b>		
Decrease in financial assets mandatorily measured at fair value through profit or loss	126,445	200,851
Increase in contract assets	(1,065,511)	(839,318)
Decrease (increase) in notes receivable	140,312	(23,805)
Decrease (increase) in accounts receivable (including overdue receivable)	822,384	(944,593)
(Increase) decrease in accounts receivable-related parties	(929)	272
Increase in other receivables	(18,713)	(14,267)
Decrease (increase) in inventories	819,900	(1,088,183)
Decrease (increase) in prepayments	7,821	(63,379)
Decrease (increase) in other current assets	142,728	(281,896)
Increase in other operating assets	(4,489)	(30,190)
<b>Total changes in operating assets</b>	<u>969,948</u>	<u>(3,084,508)</u>
Increase in contract liabilities	589,336	357,770
Increase (decrease) in notes payable	231,545	(59,941)
(Decrease) increase in accounts payable	(314,281)	939,989
(Decrease) increase in other payables	(9,633)	147,859
Increase in provisions	16,184	20,817
Increase in other current liabilities	444	2,462
Decrease in net defined benefit liability	(46,826)	(43,049)
<b>Total changes in operating liabilities</b>	<u>466,769</u>	<u>1,365,907</u>
<b>Total net changes in operating assets and liabilities</b>	<u>1,436,717</u>	<u>(1,718,601)</u>
<b>Total adjustments</b>	<u>3,099,471</u>	<u>(41,859)</u>

See accompanying notes to consolidated financial statements.

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

TUNG HO STEEL ENTERPRISE CORPORATION ITS SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2024	2023
Cash inflow generated from operations	\$ 8,824,257	6,035,842
Interest received	33,356	43,968
Dividends received	160,684	210,699
Interest paid	(346,783)	(438,989)
Income taxes paid	(1,291,763)	(1,229,735)
<b>Net cash flows from operating activities</b>	<b>7,379,751</b>	<b>4,621,785</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(3,858)	(3,941)
Proceeds from disposal of financial assets at fair value through other comprehensive income	2,318	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	5,400	5,960
Proceeds from liquidation of financial assets at fair value through other comprehensive income	-	212
Proceeds from disposal of financial assets designated at fair value through profit or loss	-	45,048
Proceeds from disposal of subsidiaries	196,039	-
Acquisition of property, plant and equipment	(946,306)	(639,844)
Proceeds from disposal of property, plant and equipment	2,568	1,053
Decrease (increase) in refundable deposits	54,908	(26,557)
Acquisition of investment property	(56,012)	(3,304)
(Increase) decrease in other financial assets	(95,464)	5,775
Increase in prepayments for equipment	(106,499)	(43,261)
<b>Net cash flows used in investing activities</b>	<b>(946,906)</b>	<b>(658,859)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	87,285,464	108,629,540
Decrease in short-term loans	(92,498,344)	(108,709,644)
Increase in short-term notes and bills payable	1,550,000	2,870,000
Decrease in short-term notes and bills payable	(1,550,000)	(3,470,000)
Proceeds from long-term loans	5,807,000	3,610,381
Repayments of long-term loans	(4,200,110)	(4,713,510)
Increase (decrease) in guarantee deposits received	2,525	(2,095)
Payment of lease liabilities	(50,863)	(48,330)
Cash dividends paid	(3,066,898)	(2,555,748)
Change in non-controlling interests	(36,167)	(26,125)
<b>Net cash flows used in financing activities</b>	<b>(6,757,393)</b>	<b>(4,415,531)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>110,963</b>	<b>58,759</b>
<b>Net Decrease in cash and cash equivalents</b>	<b>(213,585)</b>	<b>(393,846)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,732,667</b>	<b>2,126,513</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,519,082</b>	<b>1,732,667</b>

See accompanying notes to consolidated financial statements.

## Tung Ho Steel Enterprise Corporation 2024 Annual Earnings Distribution Table

Unit: New  
Taiwan Dollars

<b>Undistributed earnings at the beginning of the period</b>			<b>7,029,670,916</b>
Current net income after tax		4,479,836,801	
The disposal of equity instruments measured at fair value through other comprehensive gains and losses is recognized in retained earnings (Note 4)		435,897	
The remeasurement of defined benefit plans is recognized in retained earnings (Note 5)		126,749,368	
<b>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</b>			<b>4,607,022,066</b>
Statutory surplus reserve is set aside in accordance with the law (Note 6)		(460,702,207)	
A deduction in special reserve reversed (Note 7)		48,526,680	
Reversed special surplus reserve to respond to climate change adaptation and mitigation (Note 8)		38,036,546	
<b>Distributable earnings for this period</b>			<b>4,232,883,085</b>
Distributed items:			
(1)	Cash dividends distributed to shareholders (NT\$4 per share)	(2,920,855,272)	
(2)	Stock dividends distributed to shareholders (NT\$x per share)		
<b>Undistributed earnings at the end of the period</b>			<b>8,341,698,729</b>

Notes:

- The distributed items for the current period were distributed according to the net income for 2024; any shortfall shall be distributed accordingly in the final year.
- The dividend of NT\$4 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.
- Cash dividend of less than NT\$1 shall be tallied and listed under stockholders' equity.
- The Company adjusted retained earnings in accordance with IFRS (International Financial Reporting Standards) 9 for the investee company's disposal of liquidation profit or loss of financial assets measured at fair value through other comprehensive income.
- The change in the re-measurement of defined benefit plans for the period of NT\$126,749,368 represents the re-measurement of the Company's defined benefit plans of NT\$125,986,647, and the recognition of actuarial gains and losses of NT\$762,721 on defined benefit investments using the equity method.
- 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".
- 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. According to the aforementioned regulation, the allocation of the special surplus reserve is calculated based on the total carbon emissions from Scope 1 and Scope 2 greenhouse gas internal inventory for the fiscal year, and will revert to retained earnings once the original purpose has been fulfilled. The reversed amount for this period is NT\$38,036,546, which consists of the allocation amount of NT\$156,043,400 calculated from the total carbon emissions of Scope 1 and Scope 2 internal inventory for the fiscal year of 2024, and the expenditure amount of NT\$194,079,946 for the fiscal year of 2024.

**Chairman:**

**Manager:**

**Head of Accounting:**

## Comparison Table of Amendments to the "Articles of Incorporation"

Amended articles	Existing articles	Description of amendment
<p>Article 28</p> <p>In the event that the Company generates profits during a fiscal year, the allocation for employee remuneration (<u>including non-executive employees</u>) shall be no less than 2.5%. Conversely, the allocation for director remuneration shall not exceed 2%. However, if the Company has incurred accumulated losses, a reserve amount must be established in advance to address these losses.</p> <p>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.</p> <p>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.</p>	<p>Article 28</p> <p>In the event that the Company generates profits during a fiscal year, the allocation for employee compensation shall be no less than 2.5%. Conversely, the allocation for director compensation shall not exceed 2%. However, if the Company has incurred accumulated losses, a reserve amount must be established in advance to address these losses.</p> <p>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.</p> <p>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.</p>	<p>In accordance with Article 14, Paragraph 6 of the Securities and Exchange Act, the Articles of Incorporation shall specify a certain percentage of annual profits to be allocated for the adjustment of salaries or distribution of remuneration to non-executive employees. Therefore, an amendment of text is made to Paragraph 1 of this article.</p>
<p>Article 34</p> <p>The Articles were promulgated on May 20, 1962.</p> <p>52nd amendment made on July 15, 2021.</p> <p>53rd amendment made on May 30, 2023.</p> <p><u>54th amendment made on 0 00, 2025.</u></p>	<p>Article 34</p> <p>The Articles were promulgated on May 20, 1962.</p> <p>52nd amendment made on July 15, 2021.</p> <p>53rd amendment made on May 30, 2023.</p>	<p>The latest date of amendment is added.</p>

## Comparison Table of Amendments to the "Procedures Governing the Acquisition and Disposal of Assets"

Amended articles	Existing articles	Description of amendment
<p>Article 15</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors:</p> <ol style="list-style-type: none"> <li>1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>2. The reason for choosing the related party as a transaction counterparty.</li> <li>3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 16 and Article 17.</li> </ol>	<p>Article 15</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors:</p> <ol style="list-style-type: none"> <li>1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>2. The reason for choosing the related party as a transaction counterparty.</li> <li>3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 16 and Article 17.</li> </ol>	<p>In order to comply with Article 17 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, TWSE/TPEX companies engaging in financial or business transactions with related parties must adhere to the principles of fairness and reasonableness and establish written regulations. Significant transactions approved by the Board of Directors must be reported (including the transaction amounts, transaction conditions, and</p>

<p>4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>7. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between the subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares, the Company's Chairman of the Board of Directors may decide matters concerning the transactions in accordance with the Company's "Table of Decision-making Authority for Executives" and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</li> <li>2. Acquisition or disposal of real property right-of-use assets held for business use.</li> </ol> <p>When a matter is submitted for</p>	<p>4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>7. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between the subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares, the Company's Chairman of the Board of Directors may decide matters concerning the transactions in accordance with the Company's "Table of Decision-making Authority for Executives" and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</li> <li>2. Acquisition or disposal of real property right-of-use assets held for business use.</li> </ol>	<p>all relevant materials submitted to the Board of Directors) at the most recent annual shareholders' meeting at the end of the fiscal year. Therefore, amendments have been made to add a Paragraph 6 under this article.</p>
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<p>discussion by the Board of Directors pursuant to Paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p> <p>If the Company or a subsidiary will have a transaction set out in Paragraph 1 and the transaction amount will reach 10 percent or more of the Company's total assets, the Company shall submit the materials in all the subparagraphs of Paragraph 1 to the shareholders' meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its subsidiaries or between its subsidiaries.</p> <p>The calculation of the transaction amounts referred to in Paragraph 1 and the preceding paragraph shall be made in accordance with Article 27, Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders' meeting or Board of Directors need not be counted toward the transaction amount.</p> <p><u>For transactions between the Company and related parties that require Board of Directors' approval before proceeding in accordance with Paragraph 1, the actual transaction details (including transaction amounts, transaction conditions, and all relevant materials submitted to the Board of Directors)</u></p>	<p>When a matter is submitted for discussion by the Board of Directors pursuant to Paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p> <p>If the Company or a subsidiary will have a transaction set out in Paragraph 1 and the transaction amount will reach 10 percent or more of the Company's total assets, the Company shall submit the materials in all the subparagraphs of Paragraph 1 to the shareholders' meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its subsidiaries or between its subsidiaries.</p> <p>The calculation of the transaction amounts referred to in Paragraph 1 and the preceding paragraph shall be made in accordance with Article 27, Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders' meeting or Board of Directors need not be counted toward the transaction amount.</p>	
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<p><u>shall be reported at the most recent shareholders' meeting following the end of the fiscal year.</u></p>		
<p>Article 34  The Procedures were promulgated on May 23, 1989.  18th amendment made on May 27, 2022.  <u>19th amendment made on 0 oo, 2025.</u></p>	<p>Article 34  The Procedures were promulgated on May 23, 1989.  16th amendment made on June 16, 2017.  17th amendment made on June 18, 2019.  18th amendment made on May 27, 2022.</p>	<ol style="list-style-type: none"> <li>1. The latest date of amendment is added.</li> <li>2. In accordance with Article 13 of the Company's "Regulations Management Rules," the regulations may only specify the dates of the last two amendments.</li> </ol>

## **Articles of Incorporation**

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### 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: general meetings and extraordinary meetings. General meetings are held once a year, within six months after the end of each fiscal year and are convened by the Board of Directors; extraordinary meetings are convened when necessary and in accordance with the law.

The shareholders' meetings 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.

Shareholders' meetings may be conducted via video conferencing or other methods as publicly announced by the *central competent authority*.

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 committees

- 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 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 serves as the Chair of the shareholders' meetings and the Board of Directors internally, and represents the Company externally. 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 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 Rules of Procedure for the Board of Directors' Meeting, unless otherwise specified by laws, regulations, or these Articles.

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 Act, 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 apply mutatis mutandis 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 fiscal 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 general shareholders' meeting. Alternatively, the Audit Committee shall commission CPAs to review these statements and reports and shall present them as a report during the annual general shareholders' meeting for ratification:

I. Business report.

II. Financial statements.

III. Proposal of earnings distribution or loss reimbursement plans.

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

Article 28: In the event that the Company generates profits during a fiscal year, the allocation for employee compensation shall be no less than 2.5%. Conversely, the allocation for director compensation shall not exceed 2%. However, if the Company has incurred accumulated losses, a reserve amount must be established in advance to address these losses.

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 these Articles, the Company Act and other relevant regulations shall prevail.

Article 33: (deleted)

Article 34: These Articles of Incorporation were promulgated 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.  
11th amendment made on May 26, 1978.  
12th 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 made 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.  
When the Company convenes a shareholders' meeting, shareholders shall exercise their voting rights either electronically or in writing. If the voting right is exercised in writing or by way of electronic transmission, the method for exercising the voting power shall be clearly 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 aforementioned recordings shall be retained until the end of the litigation.

Article 8            The chairman shall immediately announce that the meeting begins at the scheduled time and simultaneously 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, tentative resolutions may be adopted in accordance with Article 175, Paragraph 1 of the Company Act. The shareholders will be notified the aforementioned tentative resolutions and another shareholders' meeting is to be convened 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 of Directors 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 extempore 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 account 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.

Shareholders who attend but only submit a speech note without making a statement will be regarded as having not spoken. In instances where the content of the statement differs from what is recorded on the speech note, the content of the statement shall prevail.

Unless given consent by the chairman and the speaking shareholder, other shareholders may not speak to interrupt when a shareholder is speaking; otherwise, the chairman 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 attends a shareholders' meeting as a proxy, it may designate only one representative to attend the meeting.

In the event a corporate shareholder designates 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 chairman may reply in person or assign relevant personnel to reply.

Article 14 With respect to discussions of a proposal, if the chairman 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 chairman 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/her 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 security personnel) to assist in maintaining order of the meeting place. Such disciplinary officers (or security personnel) shall wear armbands 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 disciplinary officers (or security personnel) 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 These Rules were promulgated 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%.

## Shareholdings of Directors

I. As of March 22, 2025, 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 Hou	65,122,877
Vice Chairman	He Zhao Investment Co., Ltd. Representative: Yu-Shu Hou	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	Liang Cheng Investment Co., Ltd. Representative: Pao-He Chen	7,494,602
Director	Yen-Liang Ho	7,019,936
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		145,860,450

## **Additional Descriptions**

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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 14, 2025 and March 24, 2025 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.