



## **2024 Annual General Meeting Meeting Handbook**

June 13, 2024

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

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2024 ANNUAL SHAREHOLDERS' MEETING (THE "HANDBOOK") OF CHUN YUAN STEEL INDUSTRY CO., LTD. (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE HANDBOOK SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

# Table of Contents

Meeting Procedure of General Meeting .....	1
Report Matters .....	2
Acknowledged Matters .....	3
Matters for Discussion .....	4
Extraordinary Motions .....	6
Appendix	
Appendix 1. 2023 Business Report .....	7
Appendix 2. 2023 Financial Statements	
Parent Company Only Financial Statements .....	9
Parent Company Only Balance Sheets .....	15
Parent Company Only Statements of Comprehensive Income .....	17
Parent Company Only Statements of Changes in Equity .....	18
Parent Company Only Statements of Cash Flows .....	19
Appendix 3. 2023 Financial Statements	
Consolidated Financial Statements .....	21
Consolidated Balance Sheets .....	26
Consolidated Statements of Comprehensive Income .....	28
Consolidated Statements of Changes in Equity .....	29
Consolidated Statements of Cash Flows .....	30
Appendix 4. 2023 Report of the Audit Committee .....	32
Appendix 5. 2023 Earning Distribution Table .....	33
Appendix 6. Articles of Incorporation .....	34
Appendix 7. Rules of Procedure for Shareholders' Meetings .....	40
Appendix 8. List of Shareholding by Current Directors .....	48
Appendix 9. The Impact of Stock Dividend Issuance on Business	
Performance, EPS, and Shareholder Return Rate .....	48

**Chun Yuan Steel Industry Co., Ltd.**  
**2024 Meeting Procedure of General Meeting**

Time: 9:30 a.m. June 13 (Thursday), 2024

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

Meeting will be held by means of: Physical Shareholders Meeting

- I. Meeting Commencement (Attending Shares Reported)
- II. Chairman Takes the Chair
- III. All Arise in Silence
- IV. Sing the National Anthem
- V. Three Bows to the National Flag and the Portrait of Dr. Sun Yat-Sen
- VI. Chairman's Remarks
- VII. Officials and Guests' Speeches
- VIII. Reported Matters :
  - (I) 2023 Business Report.
  - (II) 2023 Financial Report.
  - (III) Audit Committee's review of the 2023 annual final accounting books and statements.
  - (IV) Report on 2023 employees' and directors' remuneration.
  - (V) Report on distribution of Cash Dividends from 2023 Earnings.
  - (VI) Other announcements.
- IX. Acknowledged Matters :
  - Proposal 1: Acknowledgment of the 2023 annual final accounting books and statements.
  - Proposal 2: Acknowledgment of 2023 Earnings Distribution.
- X. Matters for Discussion:
  - Proposal 1: Discussion of Amendments to the Company's "Articles of Incorporation".
  - Proposal 2: Discussion of Amendments to the Company's "Rules of Procedure for Shareholders' Meetings"
- XI. Extemporany Motions.
- XII. Meeting Adjourned.

## Report Matters

(I) 2023 Business Report.

The Company's business report for 2023. (Please refer to Pages 7–8)

(II) 2023 Financial Statements.

1. 2023 Parent Company Only Financial Statements. (Please refer to Pages 9–20)

2. 2023 Consolidated Financial Statements. (Please refer to Pages 21–31)

(III) Audit Committee's review of the 2023 annual final accounting books and statements.

2023 Report of the Audit Committee. (Please refer to Page 32)

(IV) Report on 2023 employees' and directors' remuneration.

The Company's 2023 pre-tax profit, before including the remunerations to employees and directors is NTD 1,090,274,578. As resolved by the Board of Directors on March 14, 2024, 2% or NTD 21,805,492 of it will be distributed as employees' remuneration (fully in cash), and 1% or NTD 10,902,745 of it will be distributed as directors' remuneration (fully in cash).

(V) Report on distribution of Cash Dividends from 2023 Earnings.

1. The basis of this proposal is that Article 22-1 of the Articles of Incorporation specifies that if all profit distribution is made in cash, the Board of Directors may do so in the manner of a special resolution, and report to the shareholders meeting.

2. The Board of Directors resolved on March 14, 2024, to fully distributed the 2023 earnings of NTD 1.0 per share in cash, for a total of NTD 647,655,390. The total of the fractions under NTD 1 will be incorporated to the capital surplus after five years. The base date of cash dividends is to be announced after resolution of the Board of Directors.

(VI) Other announcements.

The shareholder's proposal reception period announced on MOPS was March 29 to April 8, 2024.

No shareholder's proposal was received during the period.

## Acknowledged Matters

Proposal 1: (proposed by the Board of Directors)

Subject: Acknowledgment of the 2023 annual final accounting books and statements.

Description: The Company's 2023 business report and financial statements have been certified and audited by CPAs, and audited by the Audit Committee. No inconsistency was found. Please ratify.

- I. Business report (Please refer to Pages 7-8)
- II. Financial statements (Please refer to Pages 9-31)

Resolution:

Proposal 2: (proposed by the Board of Directors)

Subject: Acknowledgment of 2023 Earnings Distribution.

The 2023 earning distribution has been resolved by the Board of Directors, and audited by the Audit Committee. Please ratify. (Please refer to Page33)

Resolution:

## Matters for Discussion

Proposal 1:

(proposed by the Board of Directors)

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

Description:

- I. In order to meet the business needs and future development, and in accordance with the competent authority's letter Tai-Zheng-Zhi-Li-Zi No. 11200147631 "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers" on August 23, 2023, the Company amended Articles of Incorporation.
- II. The comparison table for amendments to partial provisions of the Company's "Articles of Incorporation" before and after the amendments are as follows:

Amended article	Previous article	Description
<p><b>Article 2 :</b> The business scope of the Company is as follows:</p> <ol style="list-style-type: none"> <li>1. E103011 Steel Structure Works Specialized Construction Enterprises</li> <li>2. CA01020 Iron and Steel Rolling and Extruding (The following is omitted) <u>24.D101060 Self-usage power generation equipment utilizing renewable energy industry</u></li> <li>25.E603020 Elevator Installation Engineering</li> <li>26.E603100 Electric Welding Engineering</li> <li>27.E604010 Machinery Installation</li> <li>28.EZ02010 Crane and Hoist Services Engineering</li> <li>29.F106030 Wholesale of Molds</li> <li>30.F111100 Wholesale of Building Materials</li> <li>31.F206030 Retail Sale of Molds</li> <li>32.F211010 Retail Sale of Building Materials</li> <li>33.F401010 International Trade</li> <li>34.G801010 Warehousing</li> <li><u>35.H701010Housing and Building Development and Rental</u></li> <li><u>36.H701020Industrial Factory Development and Rental</u></li> <li><u>37.H701040Specific Area Development</u></li> <li><u>38.H701080Urban Renewal Reconstruction</u></li> <li><u>39.H703100Real Estate Leasing</u></li> <li>40.I103060 Management Consulting</li> <li>41.I199990 Other Consulting Service</li> <li>42.I301010 Information Software Services</li> <li>43.I301020 Data Processing Services</li> <li>44.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</li> </ol>	<p><b>Article 2 :</b> The business scope of the Company is as follows:</p> <ol style="list-style-type: none"> <li>1. E103011 Steel Structure Works Specialized Construction Enterprises</li> <li>2. CA01020 Iron and Steel Rolling and Extruding (The following is omitted)</li> <li>24.E603020 Elevator Installation Engineering</li> <li>25.E603100 Electric Welding Engineering</li> <li>26.E604010 Machinery Installation</li> <li>27.EZ02010 Crane and Hoist Services Engineering</li> <li>28.F106030 Wholesale of Molds</li> <li>29.F111100 Wholesale of Building Materials</li> <li>30.F206030 Retail Sale of Molds</li> <li>31.F211010 Retail Sale of Building Materials</li> <li>32.F401010 International Trade</li> <li>33.G801010 Warehousing</li> <li>34.I103060 Management Consulting</li> <li>35.I199990 Other Consulting Service</li> <li>36.I301010 Information Software Services</li> <li>37.I301020 Data Processing Services</li> <li>38.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</li> </ol>	Adjustment of new business items and adjustment in line with business needs and future development.
<p><b>Article 16 :</b> The Company sets nine to thirteen directors with a term of three years, and there <u>shall be not less than one director of different gender</u>. Directors may be re-elected. Among the said directors, at least three seats and one-fifth of the all seats shall</p>	<p><b>Article 16 :</b> The Company sets nine to thirteen directors with a term of three years. Directors may be re-elected. Among the said directors, at least three seats and one-fifth of the all seats shall</p>	Amended Article 16 of the Company's Articles of incorporation in accordance with the "Taiwan Stock Exchange Corporation Operation Directions

Amended article	Previous article	Description
<p>be independent directors, <u>and more than half of the independent directors shall not hold office for more than three consecutive terms</u>. The election of independent directors and general directors shall adopt the candidate nomination system specified in Article 192-1 of the Company Act, and the Securities and Exchange Act and other laws and regulations shall be complied with.</p> <p>The total amount of the registered shares held by the Company's directors shall comply with the "Rules and Review Procedures for Director Share Ownership Ratios at Public Companies."</p> <p>Shall the registered shares held by all the directors be less than the percentage required by the competent authorities when they are elected, all the directors other than the independent directors shall make up the deficiency.</p>	<p>be independent directors. The election of independent directors and general directors shall adopt the candidate nomination system specified in Article 192-1 of the Company Act, and the Securities and Exchange Act and other laws and regulations shall be complied with.</p> <p>The total amount of the registered shares held by the Company's directors shall comply with the "Rules and Review Procedures for Director Share Ownership Ratios at Public Companies."</p> <p>Shall the registered shares held by all the directors be less than the percentage required by the competent authorities when they are elected, all the directors other than the independent directors shall make up the deficiency.</p>	<p>for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers".</p>
<p>Article 25 :</p> <p>The Articles of Incorporation were established on November 30, 1965. The first amendment was made on May 1, 1967. The second amendment was made on February 28, 1969. ( Omit the middle ) The 56th amendment was made on June 15, 2023. <u>The 57th amendment was made on June 13, 2024.</u></p>	<p>Article 25 :</p> <p>The Articles of Incorporation were established on November 30, 1965. The first amendment was made on May 1, 1967. The second amendment was made on February 28, 1969. ( Omit the middle ) The 56th amendment was made on June 15, 2023.</p>	<p>Addition of the classification and the date of the current survey.</p>

Resolution:

Proposal 2: (proposed by the Board of Directors)  
 Subject: Discussion of Amendments to the Company's "Rules of Procedure for Shareholders' Meetings".

Description:

- I. Amended the Company's "Rules of Procedure for Shareholders' Meetings" in accordance with the amendments provided by the competent authority in the letter Jin-Guan-Zheng-Jiao-Zi No. 1120385664 dated December 8, 2023.
- II. The comparison table for amendments to partial provisions of the "Rules of Procedure for Shareholders Meetings" before and after the amendments are as follows:

Resolution:

Amended article	Previous article	Description
<p><b>Article 4 :</b>            (The above is omitted)</p> <p>The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of a regular shareholders meeting or 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting handbook and supplemental meeting materials and upload them to the MOPS 30 days before the date of the regular shareholders meeting or 15 days before the date of the special shareholders meeting. In addition, 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting handbook and supplemental meeting materials and made them available for review by shareholders at any time. The meeting handbook and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby, as well as being distributed on-site at the meeting place.</p> <p>(The following is omitted)</p>	<p><b>Article 4 :</b>            (The above is omitted)</p> <p>The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of a regular shareholders meeting or 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting handbook and supplemental meeting materials and upload them to the MOPS 21 days before the date of the regular shareholders meeting or 15 days before the date of the special shareholders meeting. In addition, 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting handbook and supplemental meeting materials and made them available for review by shareholders at any time. The meeting handbook and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby, as well as being distributed on-site at the meeting place.</p> <p>(The following is omitted)</p>	<p>Article 6 of the "Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies" is amended in accordance with the Jin-Guan-Zheng-Jiao-Zi No. 1120385664 announcement, in order to facilitate an increase in the speed and efficiency in which shareholders learn of the contents of resolutions at TWSE/TPEx-listed companies shareholders' meeting, thus improving their ability to exercise their rights as shareholders. Also, the amendment expands the scope of application of the TWSE/TPEx-listed companies that should disclose the agenda handbook and other relevant information 30 days prior to the regular shareholders' meeting; therefore, Paragraph 3 is amended as such.</p>

Resolution:

Extraordinary Motions

Meeting Adjourned

## Appendix 1

### Chun Yuan Steel Industry Co., Ltd. 2023 Business Report

Looking back on 2023, the business environment remained challenging. Internationally, due to factors such as high interest rates, high inflation, and China's post-pandemic economic performance being weaker than expected, the global demand for end products was low, manufacturing activities in various countries slowed down, the US-China chip ban widened, the Russo-Ukrainian war continued, and the conflict in Israel began. As old conflicts continue and new ones begin, global economic development and stability is low, further lowering international steel demand.

In 2023, Taiwan experienced a decline in exports and export orders on a domestic level as a result of the sluggish growth of the Chinese economy and the deceleration of global trade expansion. Consequently, this led to a decrease in corporate investment. Furthermore, the lack of recovery in sectors including machinery and machine tools had an impact on both domestic steel demand and prices in 2023. Despite this, the automotive sector and the market outlook for steel structures remained positive, sustaining the overall demand growth for steel in the industry.

Despite the challenging business climate in 2023, the Company achieved consolidated domestic and foreign revenues of NTD 21.195 billion and consolidated net income before tax of NTD 1.121 billion, demonstrating substantial profit growth in comparison to the previous year, through the combined efforts of all Chun Yuan employees.

In 2024, as the manufacturing industry recovers, investment demand for emerging technologies and net zero emissions is increasing, geopolitical risks are cooling, high prices are coming under control, and interest rate rises in Europe and the U.S. are leveling. The market performance is expected to be better than that in 2023.

In terms of domestic steel demand, the inventory level downstream has gradually reduced, and the end demand will increase slowly. The rise of steel prices in Europe and the United States will favor the growth of the Asian steel market, which is expected to gradually return to an upward trajectory in the second half of 2024. In addition, the government will continue to stimulate domestic demand and expand the scale of domestic public construction projects. The overall steel market is likely to perform better than expected. Nonetheless, we must pay attention to changes in the market and respond to changes in a timely manner.

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

- I. We will continue to consolidate existing customers, develop new customers, increase market share, monitor political and economic situations and industry changes, and actively seek business opportunities.
- II. We will prudently handle materials, control the procurement, sale and inventory well, and operate with optimal inventory. The competitive raw material sources will be actively sought to increase purchasing channels, reduce inventory turnover days, avoid capital backlog, and implement overdue inventory closeout plan.
- III. Various cost rationalization plans will be proposed and implemented, as well as the work flow

improvement plans, to reduce operating costs.

- IV. Customers will be visited frequently to grasp their movements, and customers' credit information are regularly reviewed and updated, to implement account management, reduce bond/credit risk, while improving account collection and shorten check period, for accelerating capital turnover.
- V. We will continue to implement manpower planning, implement the rotation mechanism, cultivate multi-skilled talents, and complement various education and training programs, to cultivate and improve the certifications obtained technical personnel in key positions.
- VI. The production efficiency and quality are improved through the technology research and development strategy of "labor saving, automation, new technology, and new process," and the business is expanded and developed through the market research and development strategy of "new materials, new products, and new markets."
- VII. Industrial developments and customers' needs are integrated, to invest in equipment in a planned manner. We will regularly inspect the equipment of each plant and implement the equipment replacement plan, while carefully evaluating various investment plans, tracking the implementation of equipment investment, and implementing regular service and daily maintenance of equipment.
- VIII. Coping with the development needs of each business unit, the administrative unit assists in the evaluation, implementation, and tracking of various investment plans to ensure that the investment is completed as planned.

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



國富浩華聯合會計師事務所

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### Independent Auditors' Report

To: Chun Yuan Steel Industry Co., Ltd.

#### Opinion

We have audited the parent company only financial statements of Chun Yuan Steel Industry Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, the parent company only statements of comprehensive income, parent company only statements of changes in equity, and parent company only statements of cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial Statements (including a summary of significant accounting policies).

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, 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 auditing standards of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountant of the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters. Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2023 are stated as follows:



#### Valuation of inventory

For the accounting policies regarding inventories, please refer to Note 4.7 of the parent company only financial statements. Regarding accounting estimates and assumptions of inventory impairment assessment, please refer to Note 5.2-(7) of the parent company only financial statements.

#### Illustration of key audit matter:

As of December 31, 2023, the net balance of inventories of the Company was NT\$2,944,593 thousand (net of NT\$59,370 thousand of allowance for inventory valuation loss), which mainly consist of steel plates and structural steel materials, etc. Due to either changes in economic environment, advancements in manufacturing technology, or fluctuation in the price of raw materials, the products in stock may be obsolete or no longer meet the market demand, and there may be drastic changes in the demand for and selling prices of related products. Since inventory valuation is relevant to significant judgement and estimates, it is regarded as a key audit matter.

#### Audit procedures in response:

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

#### Revenue recognition

For the accounting policies regarding revenue recognition, please refer to Note 4.17 of the parent company only financial statements. For the related revenue disclosures, please refer to Note 6.21.

#### Illustration of key audit matter:

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



#### Audit procedures in response:

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

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

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

#### Valuation on expected credit impairment of notes and accounts receivable

As of December 31, 2023, the net balance of notes and accounts receivable was NT\$3,217,540 thousand (net of NT\$40,800 thousand of allowance on expected credit loss), which accounted for 17% of the total parent company only assets and was material to the parent company only financial statements of the Company. Since the expected credit-loss valuation of the notes and accounts receivable, whose sign of impairment and historical rate of loss involve significant judgement by management, we consider that valuation on expected credit impairment of notes and accounts receivable to be a key audit matter.

#### Audit procedures in response:

1. Tested the internal controls used by the management for managing notes and accounts receivable, such as sampling and testing for understanding of the controls regarding granting of credit lines and collection of overdue accounts by responsible personnel.
2. Considered the historical experience on occurrences of expected credit loss, assessed appropriateness of the recognition policy for loss allowance, including identification for client risks and analysis of historical bad-debt ratio.
3. Verified aging intervals of notes and accounts receivables and analyzed whether or not the changes in aging were reasonable, accompanied by confirmation of accounts and understanding of subsequent receipts.
4. We also considered appropriateness of the disclosures regarding notes and accounts receivables and the related risks, as in Note 5 and Note 6 to the parent company only financial statements of the Company.



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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards 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 based on these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to affect our independence (including the related safeguards).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Parent Company Only Financial Statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless the laws or regulations preclude public disclosure on the matter or when, in extremely rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to be greater the additional benefits brought to the public from such communication.



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

*Wang, Wu-Chang. Chen, Kui-Mei*

Crowe (TW) CPAs

Taipei, Taiwan, Republic of China

March 14, 2024

*Notice to Readers*

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

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

**Chun Yuan Steel Industry Co., Ltd.**  
**Parent Company Only Balance Sheets**  
**As of December 31, 2023 and 2022**

In thousands of NTD

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
<b>Current assets</b>					
1100	Cash and cash equivalents (Note 6.1)	\$ 113,914	1	\$ 175,083	1
1110	Financial assets at FVTPL – current (Note 6.2)	95,509	1	86,516	1
1139	Financial assets for hedging – current (Note 6.3)	–	–	2,154	–
1140	Contract assets – current (Note 6.21)	3,508,996	18	3,388,523	17
1150	Notes receivable, net (Note 6.4)	755,139	4	898,399	5
1160	Notes receivable – related parties, net (Note 6.4, 7)	28,715	–	–	–
1170	Accounts receivable, net (Note 6.5)	2,361,880	12	2,528,217	13
1180	Accounts receivables – related parties (Note 6.5, 7)	71,806	1	45,576	–
1200	Other receivables	31,212	–	20,922	–
1210	Other receivables - related parties (Note 7)	13,415	–	15,097	–
130x	Inventories (Note 6.6)	2,944,593	15	3,384,003	17
1410	Prepayments	68,388	–	14,867	–
1476	Other financial assets – current (Note 6.7)	13,336	–	95,372	1
1479	Other current assets - others	–	–	11,707	–
11xx	<b>Total current assets</b>	<b>10,006,903</b>	<b>52</b>	<b>10,666,436</b>	<b>55</b>
<b>Noncurrent assets</b>					
1517	Financial assets at FVTOCI – noncurrent (Note 6.8)	820,293	4	492,366	2
1550	Investments accounted for using equity method (Note 6.9)	3,044,082	16	3,233,189	17
1600	Property, plant and equipment (Note 6.10)	5,256,282	27	4,850,023	25
1755	Right-of-use assets (Note 6.11)	20,922	–	25,929	–
1780	Intangible assets	1,950	–	1,950	–
1840	Deferred income tax assets (Note 6.26)	62,825	–	101,679	1
1915	Prepayments for equipment	86,753	1	41,211	–
1920	Refundable deposits	12,452	–	10,720	–
1975	Defined benefit assets – noncurrent (Note 6.16)	7,793	–	–	–
1990	Other noncurrent assets – others	19,217	–	16,470	–
15xx	<b>Total noncurrent assets</b>	<b>9,332,569</b>	<b>48</b>	<b>8,773,537</b>	<b>45</b>
1xxx	<b>Total assets</b>	<b>\$ 19,339,472</b>	<b>100</b>	<b>\$ 19,439,973</b>	<b>100</b>

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Code	Liabilities and Equity	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
<b>Current liabilities</b>					
2100	Short-term borrowings (Note 6.12)	\$ 3,821,807	20	\$ 4,087,735	21
2110	Short-term notes and bills payable (Note 6.13)	399,983	2	1,066,589	6
2130	Contract liabilities - current (Note 6.21)	726,897	4	390,952	2
2150	Notes payable	4,511	—	4,589	—
2160	Notes payable - related parties (Note 7)	—	—	2,711	—
2170	Accounts payable	725,303	4	817,846	4
2180	Accounts payable - related parties (Note 7)	43,303	—	9,851	—
2200	Other payables	405,067	2	394,823	2
2230	Current-period income tax liabilities	53,970	1	22,731	—
2250	Provisions - current (Note 6.14)	35,375	—	37,890	—
2280	Lease liabilities - current (Note 6.11)	12,981	—	12,597	—
2320	Long-term liabilities due within one year or one operating cycle (Note 6.15)	28,125	—	125,000	1
2399	Other current liabilities – others	9,321	—	12,261	—
21xx	<b>Total current liabilities</b>	<b>6,266,643</b>	<b>33</b>	<b>6,985,575</b>	<b>36</b>
<b>Noncurrent liabilities</b>					
2540	Long-term borrowings (Note 6.15)	528,125	3	393,750	2
2570	Deferred income tax liabilities (Note 6.26)	830,718	4	812,141	4
2580	Lease liabilities - noncurrent (Note 6.11)	8,150	—	13,485	—
2640	Defined benefit liability, net - noncurrent (Note 6.16)	—	—	9,522	—
2645	Guarantee deposits received	13,742	—	13,742	—
25xx	<b>Total noncurrent liabilities</b>	<b>1,380,735</b>	<b>7</b>	<b>1,242,640</b>	<b>6</b>
2xxx	<b>Total liabilities</b>	<b>7,647,378</b>	<b>40</b>	<b>8,228,215</b>	<b>42</b>
<b>Equity</b>					
3100	Share capital (Note 6.17)	6,476,554	33	6,476,554	33
3110	Common shares	177,636	1	177,178	1
3200	Capital surplus (Note 6.18)	5,312,951	27	4,835,586	25
3300	Retained earnings (Note 6.19)	1,901,157	10	1,839,531	9
3310	Legal reserve	1,324,287	7	1,324,287	7
3320	Special reserve	2,087,507	10	1,671,768	9
3350	Unappropriated retained earnings	( 275,047)	( 1)	( 277,560)	( 1)
3400	Other equity (Note 6.20)	( 270,780)	( 1)	( 225,343)	( 1)
3410	Exchange differences on translation of foreign operations	( 4,267)	—	( 52,217)	—
3420	Unrealized gains (losses) on financial assets at FVTOCI	11,692,094	60	11,211,758	58
3xxx	<b>Total equity</b>	<b>\$ 19,339,472</b>	<b>100</b>	<b>\$ 19,439,973</b>	<b>100</b>
<b>Total liabilities and equity</b>					

(The accompanying notes form an integral part of the parent company only financial statements)

**Chun Yuan Steel Industry Co., Ltd.**  
**Parent Company Only Statements of Comprehensive Income**  
**For the Years Ended December 31, 2023 and 2022**

In thousands of NTD

Code	Item	2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 6.21)	\$ 16,712,683	100	\$ 19,547,805	100
5000	Operating costs (Note 6.6)	( 15,378,892)	( 92)	( 18,391,090)	( 94)
5900	Gross profit (loss) from operations	1,333,791	8	1,156,715	6
	Operating expenses				
6100	Selling expenses	( 310,204)	( 2)	( 343,370)	( 2)
6200	Administrative expenses	( 283,664)	( 2)	( 231,890)	( 1)
6450	Loss (gain) on expected credit impairment	6,001	—	8,322	—
6000	Total operating expenses	( 587,867)	( 4)	( 566,938)	( 3)
6900	Operating income (loss)	745,924	4	589,777	3
	Non-operating income and expenses				
7100	Interest income	1,466	—	1,741	—
7010	Other income (Note 6.22)	160,071	1	166,389	1
7020	Other gains and losses (Note 6.23)	10,279	—	( 19,884)	—
7050	Finance costs (Note 6.24)	( 74,599)	—	( 61,643)	—
7070	Share of profits of subsidiaries, associates, and joint ventures under equity method	214,425	1	92,593	—
7000	Total non-operating income and expenses	311,642	2	179,196	1
7900	Income (loss) before income tax	1,057,566	6	768,973	4
7950	Income tax (expense) benefit (Note 6.26)	( 181,771)	( 1)	( 155,755)	( 1)
8200	NET INCOME (LOSS)	875,795	5	613,218	3
	Other comprehensive income (loss) (Note 6.27)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plan	5,873	—	61,555	1
8316	Unrealized valuation gains or losses on equity instruments measured at FVTOCI	36,989	—	( 12,614)	—
8331	Remeasurements of defined benefit plan - subsidiaries, associates and joint ventures	14	—	1,763	—
8336	Unrealized valuation gains or losses on equity instruments at FVTOCI - subsidiaries, associates and joint ventures	( 4,763)	—	( 192)	—
8360	Items that may be subsequently reclassified into profit or loss				
8361	Exchange differences on translation of foreign financial statements	( 45,416)	—	50,761	—
8370	Share of other comprehensive income of associates and joint ventures under equity method - items that may be reclassified into profit or loss	( 21)	—	20	—
8300	Other comprehensive income (loss), net	( 7,324)	—	101,293	1
8500	Total comprehensive income (loss)	\$ 868,471	5	\$ 714,511	4
	EARNINGS PER SHARE				
9750	Basic earnings per share (Note 6.28)	\$ 1.35		\$ 0.95	
9850	Diluted earnings per share (Note 6.28)	\$ 1.35		\$ 0.95	

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

**Chun Yuan Steel Industry Co., Ltd.**  
**Parent Company Only Statements of Changes in Equity**  
**For the Years Ended December 31, 2023 and 2022**

In thousands of NTD						
	Retained Earnings	Other Equity Items				
	Exchange differences on translation of foreign operations	Unappropriated retained earnings	Special reserve	Capital Surplus	Common Shares	Item
Balance, January 1, 2022	\$ 1,716,590	\$ 1,324,287	\$ 1,62,071	\$ 6,476,554	\$ 6,476,554	Item
Appropriation and distribution of earnings:						
Record legal reserve	- - -	122,941	- - -	( 122,941)	- - -	- - -
Cash dividends – common shares	314	- - -	- - -	( 841,952)	- - -	( 841,952)
Other changes in capital surplus	- - -	- - -	- - -	- - -	- - -	- - -
Net income in 2022	- - -	- - -	- - -	613,218	- - -	314
Other comprehensive income (loss) in 2022	- - -	- - -	- - -	63,318	50,781	613,218
Total comprehensive income (loss) in 2022	- - -	- - -	- - -	676,536	50,781	101,293
Equity changes in subsidiary	14,793	- - -	- - -	- - -	( 12,806)	714,511
Disposal of FVTOCI equity instruments	- - -	- - -	- - -	- - -	- - -	14,793
Balance, December 31, 2022	\$ 6,476,554	\$ 177,178	\$ 1,839,531	\$ 1,324,287	\$ 1,671,768	\$ 225,343
Appropriation and distribution of earnings:						
Record legal reserve	- - -	61,626	- - -	( 61,626)	- - -	- - -
Cash dividends – common shares	458	- - -	- - -	( 388,593)	- - -	( 388,593)
Other changes in capital surplus	- - -	- - -	- - -	875,795	- - -	458
Net income in 2023	- - -	- - -	- - -	5,887	( 45,437)	875,795
Other comprehensive income (loss) in 2023	- - -	- - -	- - -	881,682	( 45,437)	7,324
Total comprehensive income (loss) in 2023	- - -	- - -	- - -	15,724	- - -	15,724
Equity changes in subsidiary	- - -	- - -	- - -	2,087,507	\$ 270,780	\$ 4,267
Balance, December 31, 2023	\$ 6,476,554	\$ 177,636	\$ 1,901,157	\$ 1,324,287	\$ 2,087,507	\$ 11,692,094

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

Chun Yuan Steel Industry Co., Ltd.

Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

Item	2023	2022	In thousands of NTD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income (loss) before income tax	\$ 1,057,566	\$ 768,973	
Adjustment items			
Income/gain or expense/loss items			
Depreciation expense	206,651	197,523	
Amortization expense	9,416	8,532	
Loss (gain) on expected credit impairment	(6,001)	(8,322)	
Net loss (gain) on FVTPL financial assets or liabilities	(8,993)	22,288	
Interest expense	74,599	61,643	
Interest income	(1,466)	(1,741)	
Dividend income	(15,104)	(20,143)	
Share of loss (profit) of subsidiaries, associates and joint ventures under equity method	(214,425)	(92,593)	
Loss (gain) on disposal of property, plant and equipment	(1,875)	(2,322)	
Loss (gain) on disposal of investments	(2)	-	
Total income/gain or expense/loss items	<u>42,800</u>	<u>164,865</u>	
Changes in operating assets / liabilities			
Net changes in operating assets			
Decrease (increase) in contract assets	(120,473)	(638,451)	
Decrease (increase) in notes receivable	144,405	510,658	
Decrease (increase) in notes receivable – related parties	(28,715)	-	
Decrease (increase) in accounts receivable	167,067	373,658	
Decrease (increase) in accounts receivable - related parties	(26,230)	(42,607)	
Decrease (increase) in other receivables	(11,518)	24,042	
Decrease (increase) in other receivables - related parties	1,682	3,903	
Decrease (increase) in inventories	439,410	1,029,385	
Decrease (increase) in prepayments	(53,521)	19,223	
Decrease (increase) in other current assets	11,707	(9,245)	
Decrease (increase) in other financial assets	82,036	14,321	
Decrease (increase) in other operating assets	(9,957)	(12,492)	
Total net changes in operating assets	<u>597,811</u>	<u>1,272,395</u>	
Net changes in operating liabilities			
Increase (decrease) in contract liabilities	335,945	(214,048)	
Increase (decrease) in notes payable	(78)	(72)	
Increase (decrease) in notes payable - related parties	(2,711)	(14,186)	
Increase (decrease) in accounts payable	(92,543)	(135,086)	
Increase (decrease) in accounts payable - related parties	33,452	1,387	
Increase (decrease) in other payables	13,370	(40,791)	
Increase (decrease) in provisions	(2,515)	966	
Increase (decrease) in other current liabilities	(786)	827	
Increase (decrease) in defined benefit liability, net	(9,522)	(48,528)	
Total net changes in operating liabilities	<u>272,691</u>	<u>(449,531)</u>	
Total net changes in operating assets/liabilities	<u>870,502</u>	<u>822,864</u>	
Total adjustment items	<u>913,302</u>	<u>987,729</u>	
Cash flow from (used in) operating activities	<u>1,970,868</u>	<u>1,756,702</u>	

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Interest received	1,755	1,497
Dividends received	103,069	171,391
Interest paid	(77,097)	(56,665)
Income tax refunded (paid)	(92,162)	(290,882)
Net cash flows from (used in) operating activities	<u>1,906,434</u>	<u>1,582,043</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of FVTOCI financial assets	(290,938)	—
Return of capital reduction of FVTOCI financial assets	—	2,791
Acquisition of FVTPL financial assets	(25,000)	—
Disposal of FVTPL financial assets	25,002	—
Return of capital reduction of investee's accounted for using equity method	265,380	—
Acquisition of property, plant and equipment	(379,462)	(173,118)
Disposal of property, plant and equipment	2,631	2,350
(Decrease) increase in refundable deposits	(1,732)	956
Increase in prepayments for equipment	(263,721)	(32,320)
Net cash flows from (used in) investing activities	<u>(667,838)</u>	<u>(199,341)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term borrowings	(265,928)	(473,648)
Increase (decrease) in short-term notes payable	(666,606)	(362,289)
Raising long-term borrowings	162,500	381,250
Repayment of long-term borrowings	(125,000)	—
Increase (decrease) in guarantee deposits received	—	(150)
Lease principal repayments	(16,138)	(15,303)
Distribution of cash dividends	(388,593)	(841,952)
Net cash flows from (used in) financing activities	<u>(1,299,765)</u>	<u>(1,312,092)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>175,083</u>	<u>104,473</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 113,914</u>	<u>\$ 175,083</u>

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



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### Independent Auditors' Report

To: Chun Yuan Steel Industry Co., Ltd.

#### Opinion

We have audited the Consolidated Financial Statements of Chun Yuan Steel Industry Co., Ltd. and Subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years ended December 31, 2023 and 2022, and notes to the Consolidated Financial Statements (including a summary of significant accounting policies).

In our opinion, the accompanying Consolidated Financial Statements present fairly, in all material respects, the financial position of the Group as of December 31, 2023 and 2022, its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards and interpretations recognized, published and made effective by the Financial Supervisory Commission.

#### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and auditing standards 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 Group in accordance with the Code of Professional Ethics for Certified Public Accountant of the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and, in forming our opinion thereon; we do not provide a separate opinion on these matters. Key audit matters for the Consolidated Financial Statements of the Group for the year ended December 31, 2023 are stated as follows:



#### Valuation of inventory

For the accounting policies regarding inventories, please refer to Note 4.8 of the Consolidated Financial Statements. Regarding accounting estimates and assumptions of inventory impairment assessment, please refer to Note 5.2(7) of the Consolidated Financial Statements.

##### **Illustration of key audit matter:**

As of December 31, 2023, the net balance of inventories of the Group was NT\$3,717,994 thousand (net of NT\$99,822 thousand of allowance for inventory valuation loss), which mainly consist of steel plates and structural steel materials, etc. Due to either changes in economic environment, advancements in manufacturing technology, or fluctuation in the price of raw materials, the products in stock may be obsolete or no longer meet the market demand, and drastic changes in the demand for and selling prices of related products may result. Since inventory valuation is relevant to significant judgement and estimates, it is regarded as a key audit matter.

##### **Audit procedures in response:**

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

#### Revenue recognition

For the accounting policies regarding recognition of construction revenue, please refer to Note 6.18 of the Consolidated Financial Statements. For the related revenue disclosures, please refer to Note 6.23.

##### **Illustration of key audit matter:**

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

##### **Audit procedures in response:**

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

control system.

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

1. Tested whether or not the timing of revenue recognition by the company is correct, perform analysis on the top ten sales customers, compared changes, and assess if there is any material abnormality.
2. Reviewed major contracts to understand specific terms and risks of the respective contracts and assessed accuracy of revenue recognition.
3. Obtained summarized schedules of construction costs and performed the related substantive procedures, including agreeing the sampled current-period cost incurred to the related document, extra/deducted works agreed to supporting document, recomputing the construction revenue according to the degree of completion and confirming that the revenue has been properly booked.

#### Evaluation on expected credit loss of notes and accounts receivable

As of December 31, 2023, the net balance of notes and accounts receivable was NT\$4,638,678 thousand (net of NT\$74,619 thousand of allowance for expected credit loss), which accounted for 23% of the total consolidated assets and was material to the consolidated financial statements of the Group. Since the expected credit-loss valuation of the notes and accounts receivable, whose sign of impairment and historical rate of loss involve significant judgement by management, we consider that evaluation on expected credit loss of notes and accounts receivable to be a key audit matter.

Our audit procedures performed include the following:

1. Tested the internal controls used by the management for managing notes and accounts receivable, such as sampling and testing for understanding of the controls regarding granting of credit lines and collection of overdue accounts by responsible personnel.
2. Considered the historical experience on occurrences of expected credit loss, assessed appropriateness of the recognition policy for loss allowance, including identification for client risks and analysis of historical bad-debt ratio.
3. Verified aging intervals of notes and accounts receivables and analyzed whether or not the changes in aging were reasonable, accompanied by confirmation of accounts and understanding of subsequent receipts.
4. We also considered appropriateness of the disclosures regarding notes and accounts receivables and the related risks, as in Note 5 and Note 6 to the Consolidated Financial Statements of the Group.

#### **Other matters**

Chun Yuan Steel Industry Co., Ltd. had prepared the 2023 and 2022 Consolidated Financial Statements, along with the independent auditors' report with unqualified opinion issued, available for reference.

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

Management is responsible for preparation and fair presentation of the Consolidated Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by



Securities Issuers, International Financial Reporting Standards, International Accounting Standards, and interpretations recognized, published and made in effect by the Financial Supervisory Commission, and for maintaining necessary internal controls relating to preparation of the Consolidated Financial Statements, to ensure that the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error.

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

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

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards 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 based on these Consolidated Financial Statements.

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

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



Statements (including the related notes) and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieve fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the guidance, supervision and performance for the audit of the Group. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to affect our independence (including the related safeguards).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless the laws or regulations preclude public disclosure on the matter or when, in extremely rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to be greater than the additional benefits brought to the public from such communication.

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

A handwritten signature in black ink that appears to read "Wang, Wu-Chang".

Crowe (TW) CPAs

A handwritten signature in black ink that appears to read "Chen Kui-Mei".

Taipei, Taiwan, Republic of China

March 14, 2024

***Notice to Readers***

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

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

**Chun Yuan Steel Industry Co., Ltd. and Subsidiaries**  
**Consolidated Balance Sheets**  
**As of December 31, 2023 and 2022**

Code	Assets	In thousands of NTD			
		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
<b>Current Assets</b>					
1100	Cash and cash equivalents (Note 6.1)	\$ 460,539	2	\$ 1,038,269	5
1110	Financial assets measured at FVTPL – current (Note 6.2)	95,509	1	86,516	–
1139	Financial assets for hedging – current (Note 6.3)	–	–	2,154	–
1140	Contract assets - current (Note 6.23)	3,508,996	17	3,388,523	16
1150	Notes receivable, net (Note 6.4)	984,480	5	1,024,190	5
1160	Notes receivable – related party (Note 6.4, Note 7)	28,715	–	–	–
1170	Accounts receivable, net (Note 6.5)	3,553,770	18	3,775,410	18
1180	Accounts receivable - related parties, net (Note 6.5, Note 7)	71,713	–	44,763	–
1200	Other receivables	38,155	–	31,427	–
1210	Other receivables - related parties (Note 7)	3,143	–	2,508	–
1220	Current-period income tax assets	–	–	7,205	–
130x	Inventories (Note 6.6)	3,717,994	18	4,350,822	21
1410	Prepayments	140,595	1	105,601	1
1476	Other financial assets - current (Note 6.7)	230,255	1	177,556	1
1479	Other current assets - others	18,264	–	22,899	–
11xx	<b>Total Current Assets</b>	<b>12,852,128</b>	<b>63</b>	<b>14,057,843</b>	<b>67</b>
<b>Noncurrent Assets</b>					
1517	Financial assets measured at FVTOCI – noncurrent (Note 6.8)	820,293	4	521,118	3
1550	Investments accounted for using equity method (Note 6.9)	623,471	3	564,256	3
1600	Property, plant and equipment (Note 6.10)	5,691,938	28	5,329,676	26
1755	Right-of-use assets (Note 6.11)	55,752	–	62,713	–
1780	Intangible assets	3,670	–	3,702	–
1840	Deferred income tax assets (Note 6.28)	107,661	1	153,092	1
1915	Prepayments for equipment	89,433	1	48,163	–
1920	Refundable deposits	12,789	–	11,541	–
1975	Net defined benefit assets - noncurrent	7,793	–	–	–
1990	Other noncurrent assets - others	38,404	–	42,280	–
15xx	<b>Total Noncurrent Assets</b>	<b>7,451,204</b>	<b>37</b>	<b>6,736,541</b>	<b>33</b>
1xxx	<b>Total Assets</b>	<b>\$ 20,303,332</b>	<b>100</b>	<b>\$ 20,794,384</b>	<b>100</b>

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Code	Liabilities and Equity	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
<b>Current Liabilities</b>					
2100	Short-term borrowings (Note 6.13)	\$ 3,994,859	20	\$ 4,733,234	23
2110	Short-term notes payable (Note 6.14)	399,983	2	1,066,589	5
2130	Contract liabilities - current (Note 6.23)	729,821	3	397,389	2
2150	Notes payable	204,033	1	55,753	-
2160	Notes payable - related parties (Note 7)	4,351	-	21,480	-
2170	Accounts payable	812,048	4	949,772	5
2180	Accounts payable - related parties (Note 7)	43,303	-	9,851	-
2200	Other payables	508,323	3	504,108	2
2230	Current-period income tax liabilities	60,659	-	34,220	-
2250	Provisions - current (Note 6.15)	37,572	-	40,102	-
2280	Lease liabilities - current (Note 6.11)	12,981	-	12,597	-
2320	Long-term liabilities due within one year or one operating cycle (Note 6.16)	28,125	-	125,000	1
2399	Other current liabilities - others	14,353	-	14,386	-
21xx	<b>Total Current Liabilities</b>	<b>6,850,411</b>	<b>33</b>	<b>7,964,481</b>	<b>38</b>
<b>Noncurrent Liabilities</b>					
2540	Long-term borrowings (Note 6.16)	528,125	3	393,750	2
2570	Deferred income tax liabilities (Note 6.28)	830,718	4	812,141	4
2580	Lease liabilities - noncurrent (Note 6.11)	8,150	-	13,485	-
2640	Defined benefit liability, net - noncurrent (Note 6.17)	-	-	9,522	-
2645	Guarantee deposits received	25,210	-	26,745	-
25xx	<b>Total Noncurrent Liabilities</b>	<b>1,392,203</b>	<b>7</b>	<b>1,255,643</b>	<b>6</b>
2xxx	<b>Total Liabilities</b>	<b>8,242,614</b>	<b>40</b>	<b>9,220,124</b>	<b>44</b>
<b>Equity</b>					
<b>Equity attributable to owners of the parent</b>					
3100	Share capital (Note 6.18)	6,476,554	32	6,476,554	31
3200	Capital surplus (Note 6.19)	177,636	1	177,178	1
3300	Retained earnings (Note 6.20)	5,312,951	26	4,835,586	23
3310	Legal reserve	1,901,157	9	1,839,531	9
3320	Special reserve	1,324,287	7	1,324,287	6
3350	Unappropriated retained earnings (accumulated deficit)	2,087,507	10	1,671,768	8
3400	Other equity (Note 6.21)	( 275,047)	( 1)	( 277,560)	( 1)
3410	Exchange differences on translation of foreign operations	( 270,780)	( 1)	( 225,343)	( 1)
3420	Unrealized gains (losses) on financial assets measured at FVTOCI	( 4,267)	-	( 52,217)	-
31xx	<b>Total equity attributable to owners of the parent</b>	<b>11,692,094</b>	<b>58</b>	<b>11,211,758</b>	<b>54</b>
36xx	<b>Non-controlling interest (Note 6.22)</b>	<b>368,624</b>	<b>2</b>	<b>362,502</b>	<b>2</b>
3xxx	<b>Total Equity</b>	<b>12,060,718</b>	<b>60</b>	<b>11,574,260</b>	<b>56</b>
	<b>Total Liabilities and Equity</b>	<b>\$ 20,303,332</b>	<b>100</b>	<b>\$ 20,794,384</b>	<b>100</b>

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

**Chun Yuan Steel Industry Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the Years Ended December 31, 2023 and 2022**

In thousands of NTD

Code	Item	2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 6.23)	\$ 21,194,638	100	\$ 24,497,782	100
5000	Operating costs	( 19,430,316)	( 92)	( 22,997,506)	( 94)
5900	Gross profit (loss) from operations	1,764,322	8	1,500,276	6
	Operating expenses				
6100	Selling expenses	( 438,447)	( 2)	( 463,869)	( 2)
6200	Administrative expenses	( 404,112)	( 2)	( 351,198)	( 1)
6450	Loss (gain) on expected credit impairment	6,140	—	11,603	—
6000	Total operating expenses	( 836,419)	( 4)	( 803,464)	( 3)
6900	Operating income (loss)	927,903	4	696,812	3
	Non-operating income and expenses				
7100	Interest income	10,360	—	12,928	—
7010	Other income (Note 6.24)	149,697	1	151,157	1
7020	Other gains and losses (Note 6.25)	15,206	—	( 40,906)	—
7050	Financial costs (Note 6.26)	( 90,943)	—	( 102,482)	( 1)
7060	Share of profits of subsidiaries, associates, and joint ventures under equity method	108,953	—	76,679	—
7000	Total non-operating income and expenses	193,273	1	97,376	—
7900	Net income (loss) before income tax	1,121,176	5	794,188	3
7950	Income tax (expense) benefit (Note 6.28)	( 230,454)	( 1)	( 180,384)	( 1)
8200	<b>NET INCOME (LOSS)</b>	<b>890,722</b>	<b>4</b>	<b>613,804</b>	<b>2</b>
	Other comprehensive income (loss) (Note 6.29)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plan	5,873	—	61,555	1
8316	Unrealized measurement gains or losses on equity instruments at FVTOCI	36,989	—	( 12,614)	—
8321	Remeasurements of defined benefit plan - associates and joint ventures	14	—	1,763	—
8326	Unrealized measurement gains or losses on equity instruments at FVTOCI - associates and joint ventures	( 4,763)	—	( 192)	—
8360	Items that may be subsequently reclassified into profit or loss				
8361	Exchange differences on translation of foreign operations	( 52,722)	—	6,095	—
8371	Exchange differences on translation of foreign operations - associates and joint ventures	( 21)	—	21	—
8300	Other comprehensive income (loss), net	( 14,630)	—	56,628	1
8500	<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>\$ 876,092</b>	<b>4</b>	<b>\$ 670,432</b>	<b>3</b>
8600	Net income (loss) attributed to:				
8610	Owners of the parent	\$ 875,795	4	\$ 613,218	2
8620	Non-controlling interest	14,927	—	586	—
	<b>Subtotal</b>	<b>\$ 890,722</b>	<b>4</b>	<b>\$ 613,804</b>	<b>2</b>
8700	Total comprehensive income or loss attributed to:				
8710	Owners of the parent	\$ 868,471	4	\$ 714,511	3
8720	Non-controlling interest	7,621	—	( 44,079)	—
	<b>Subtotal</b>	<b>\$ 876,092</b>	<b>4</b>	<b>\$ 670,432</b>	<b>3</b>
	<b>EARNINGS PER SHARE</b>				
9750	Basic earnings per share (Note 6.30)	\$ 1.35		\$ 0.95	
9850	Diluted earnings per share (Note 6.30)	\$ 1.35		\$ 0.95	

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

Chun Yuan Steel Industry Co., Ltd. and Subsidiaries  
 Consolidated Statements of Changes in Equity  
 For the Years Ended December 31, 2023 and 2022

In thousands of NTD

Item	Equity attributable to owners of the parent						Total equity attributable to owners of the parent	Non-controlling interest	Total equity
	Retained Earnings	Other Equity Items	Exchange differences on translation of foreign operations	Unrealized measurement gains (loss) on FVTOCI equity instruments	Unappropriated retained earnings	Special reserve			
Balance, January 1, 2022	\$ 6,476,554	\$ 162,971	\$ 1,716,590	\$ 1,324,287	\$ 2,020,408	\$ 276,124	\$ 99,694	\$ 11,324,092	\$ 525,956
Appropriation and distribution of earnings:									\$ 11,850,048
Record legal reserve									
Cash dividends – common shares									
Other changes in capital surplus									
Other changes in capital surplus	314	–	–	–	–	( 122,941)	–	–	–
Other changes in capital surplus	–	–	–	–	–	( 841,952)	–	–	( 841,952)
Net income (loss) in 2022	–	–	–	–	–	613,218	–	314	314
Other comprehensive income (loss) in 2022	–	–	–	–	–	63,318	50,781	( 12,806)	613,218
Total comprehensive income (loss) in 2022	–	–	–	–	–	676,536	50,781	( 12,806)	613,804
Disposal of subsidiary	–	–	–	–	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	14,793	–	–	–	–	–	14,793	14,793
Increase (decrease) in non-controlling interest	–	–	–	–	–	–	–	–	–
Disposal of FVTOCI equity instruments	–	–	–	–	–	( 60,283)	–	–	–
Balance, December 31, 2022	\$ 6,476,554	\$ 177,178	\$ 1,839,531	\$ 1,324,287	\$ 1,671,768	\$ 225,343	\$ 52,217	\$ 11,211,758	\$ 362,502
Balance, January 1, 2023	\$ 6,476,554	\$ 177,178	\$ 1,839,531	\$ 1,324,287	\$ 1,671,768	\$ 225,343	\$ 52,217	\$ 11,211,758	\$ 362,502
Appropriation and distribution of earnings:									
Record legal reserve									
Cash dividends – common shares									
Other changes in capital surplus									
Other changes in capital surplus	458	–	–	–	–	875,795	–	458	458
Other changes in capital surplus	–	–	–	–	–	5,887	( 45,437)	875,795	890,722
Net income (loss) in 2023	–	–	–	–	–	–	32,226	( 7,324)	( 7,324)
Other comprehensive income (loss) in 2023	–	–	–	–	–	881,682	( 45,437)	32,226	876,092
Total comprehensive income (loss) in 2023	–	–	–	–	–	–	–	–	–
Increase (decrease) in non-controlling interest	–	–	–	–	–	–	–	–	–
Disposal of FVTOCI equity instruments	–	–	–	–	–	( 15,724)	–	15,724	15,724
Balance, December 31, 2023	\$ 6,476,554	\$ 177,636	\$ 1,901,157	\$ 1,324,287	\$ 2,087,507	\$ 270,780	\$ 4,267	\$ 11,692,094	\$ 368,624
Disposal of FVTOCI equity instruments	–	–	–	–	–	–	–	–	–
Balance, December 31, 2023	\$ 6,476,554	\$ 177,636	\$ 1,901,157	\$ 1,324,287	\$ 2,087,507	\$ 270,780	\$ 4,267	\$ 11,692,094	\$ 368,624
									\$ 12,060,718

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

**Chun Yuan Steel Industry Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2023 and 2022**

Item	2023	2022	In thousands of NTD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income (loss) before income tax	\$ 1,121,176	\$ 794,188	
Adjustment items			
Income/gain or expense/loss items			
Depreciation expense	276,368	266,102	
Amortization expense	17,381	18,079	
Loss (gain) on expected credit impairment	(6,140)	(11,603)	
Net loss (gain) on FVTPL financial assets or liabilities	(8,993)	22,288	
Interest expense	90,943	102,482	
Interest income	(10,360)	(12,928)	
Dividend income	(15,104)	(20,143)	
Share of loss (profit) of associates and joint ventures under equity method	(108,953)	(76,679)	
Loss (gain) on disposal of property, plant and equipment	(2,658)	(842)	
Loss (gain) on disposal of investments	(2)	-	
Loss (gain) from disposal of subsidiary	-	7,584	
Total income/gain or expense/loss items	<u>232,482</u>	<u>294,340</u>	
Changes in operating assets / liabilities			
Net changes in operating assets			
(Increase) decrease in contract assets	(120,473)	(638,451)	
(Increase) decrease in notes receivable	39,710	460,875	
(Increase) decrease in notes receivable – related parties	(28,715)	-	
(Increase) Decrease in accounts receivable	223,762	1,033,880	
(Increase) Decrease in accounts receivable - related parties	(26,950)	(43,369)	
(Increase) Decrease in other receivables	(6,816)	22,992	
(Increase) Decrease in other receivables - related parties	(635)	494	
(Increase) Decrease in inventories	634,077	1,325,661	
(Increase) Decrease in prepayments	(34,993)	187,344	
(Increase) Decrease in other current assets	4,635	13,053	
(Increase) Decrease in other operating assets	2,205	24	
Total net changes in operating assets	<u>685,807</u>	<u>2,362,503</u>	
Net changes in operating liabilities			
Increase (Decrease) in contract liabilities	332,432	(212,495)	
Increase (Decrease) in notes payable	148,280	(45,314)	
Increase (Decrease) in notes payable - related parties	(17,129)	(33,247)	
Increase (Decrease) in accounts payable	(137,724)	(92,739)	
Increase (Decrease) in accounts payable - related parties	33,452	1,394	
Increase (Decrease) in other payables	7,929	(59,737)	
Increase (Decrease) in provisions	(2,530)	993	
Increase (Decrease) in other current liabilities	2,121	1,174	
Increase (Decrease) in defined benefit liability, net	(9,522)	(48,527)	
Total net changes in operating liabilities	<u>357,309</u>	<u>(488,498)</u>	
Total net changes in operating assets/liabilities	<u>1,043,116</u>	<u>1,874,005</u>	
Total Adjustment items	<u>1,275,598</u>	<u>2,168,345</u>	
Cash generated (used) by operating activities	<u>2,396,774</u>	<u>2,962,533</u>	
Interest received	10,448	14,155	
Dividends received	64,835	53,934	
Interest paid	(94,030)	(102,273)	
Income tax refunded (paid)	(133,603)	(335,008)	
Net cash generated (used) by operating activities	<u>2,244,424</u>	<u>2,593,341</u>	

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**CASH FLOWS FROM INVESTING ACTIVITIES**

Acquisition of FVTOCI financial assets	(	290,938)	-
Returned capital from dissolution of FVTOCI financial assets		45	2,791
Returned of capital reduction from FVTOCI financial assets		23,633	-
Acquisition of FVTPL financial assets	(	25,000)	-
Disposal of FVTPL financial assets		25,002	-
Cash received from disposal of subsidiary		-	(43,643)
Acquisition of property, plant and equipment	(	395,319)	(185,101)
Disposal of property, plant and equipment		5,990	6,495
Decrease (increase) in refundable deposits	(	1,248)	991
Increase in other financial assets	(	52,699)	-
Decrease in other financial assets		-	402,725
Increase in prepayments for equipment	(	281,510)	(85,793)
Increase in long-term prepayments	(	11,487)	(19,325)
Net cash flows generated (used) by investing activities	(	1,003,531)	79,140

**CASH FLOWS FROM FINANCING ACTIVITIES**

Decrease in short-term borrowings	(	738,375)	(1,379,448)
Decrease in short-term notes receivable	(	666,606)	(362,289)
Increase in long-term borrowings		134,375	381,250
Repayment of long-term borrowings	(	96,875)	-
Increase in guarantee deposits received		-	38
Decrease in guarantee deposits received	(	1,535)	-
Repayment of lease principal	(	16,138)	(15,303)
Distribution of cash dividends	(	388,593)	(841,952)
Change in non-controlling interest	(	1,499)	(60,939)
Net cash flows generated (used) by financing activities	(	1,775,246)	(2,278,643)
Effects on cash and cash equivalents due to fluctuations in exchange rates	(	43,377)	(11,586)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(	577,730)	382,252
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		1,038,269	656,017
CASH AND CASH EQUIVALENTS, END OF YEAR	\$	460,539	\$ 1,038,269

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

## Report of the Audit Committee

The Board of Directors prepared the Company's 2023 financial statements (including consolidated and individual financial statements), business reports and surplus earnings distribution proposal, among which the financial statements (including consolidated and individual financial statements) were audited by Wang Wu Chang and Chen Kui Mei, CPAs of Crowe (TW) CPAs and an audit report has been issued. The aforesaid various reports and financial statements prepared by the Board of Directors have been audited by this Audit Committee and no non-conformity was found. We therefore prepare this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

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

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

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

For your review and decision.

To: Regular meeting of shareholders of Chun Yuan Steel Industry Co., Ltd., 2024

Chun Yuan Steel Industry Co., Ltd.

Audit Committee

Convener: *HSA, Liming*

14 March, 2024

Appendix 5

Chun Yuan Steel Industry Co., Ltd.  
2023 Earning Distribution Table

Unit: NTD

<b>Unappropriated retained earnings at the beginning of the period</b>	1,221,549,139
<b>Add (less):</b>	
Actuarial gains and losses for defined benefit plans	5,887,265
When disposing the investment in equity instrument measured at fair value through other comprehensive income, the cumulative profit/loss is transferred to the retained earnings directly.	(15,724,428)
2023 net profit after tax	875,794,976
<b>Sub-total</b>	<b>2,087,506,952</b>
Less: 10% 2022 legal reserve	86,595,781
<b>2023 Distributable net profit</b>	<b>2,000,911,171</b>
Distributable items:	
Cash dividends : NTD 1.00	647,655,390
Share dividends: NTD 0.00	0
<b>Unappropriated retained earnings at the end of the period</b>	<b>1,353,255,781</b>

Note: The profit distribution is based on the 2023 profit distribution, calculated up to NTD, and rounded down below NTD.

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

Amended on June 15, 2023

**Chapter 1 General Principles**

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

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

1. E103011 Steel Structure Works Specialized Construction Enterprises
2. CA01020 Iron and Steel Rolling and Extruding
3. CA01030 Iron and Steel Casting
4. CA01050 Steel Secondary processing
5. CA01070 Scrapped Car and Boat Dismantling and Scrap Iron and Steel Metal Processing
6. CA01990 Other Non-ferrous Metal Basic Industries
7. CA02010 Manufacture of Metal Structure and Architectural Components
8. CA02030 Screw, Nut and Rivet Manufacturing
9. CA02040 Spring Manufacturing
10. CA02050 Valves Manufacturing
11. CA02060 Metal Containers Manufacturing
12. CA02080 Metal Forging
13. CA02090 Metal Wire Products Manufacturing
14. CA02990 Other Metal Products Manufacturing
15. CB01010 Mechanical Equipment Manufacturing
16. CB01030 Pollution Controlling Equipment Manufacturing
17. CB01990 Other Machinery Manufacturing
18. CD01030 Motor Vehicles and Parts Manufacturing
19. CD01040 Motorcycles and Parts Manufacturing
20. CD01990 Other Transport Equipment and Parts Manufacturing
21. CN01010 Furniture and Decorations Manufacturing
22. CQ01010 Mold and Die Manufacturing
23. CZ99990 Manufacture of Other Industrial Products Not Elsewhere Classified
24. E603020 Elevator Installation Engineering
25. E603100 Electric Welding Engineering
26. E604010 Machinery Installation
27. EZ02010 Crane and Hoist Services Engineering
28. F106030 Wholesale of Molds
29. F111100 Wholesale of Building Materials
30. F206030 Retail Sale of Molds
31. F211010 Retail Sale of Building Materials

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

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

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

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

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

## Chapter 2 Shares

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

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

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

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

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

## Chapter 3 Shareholders Meeting

Article 12: There are two kinds of shareholders meetings of the Company: regular shareholders meetings and special shareholders meetings. The regular shareholders meetings are convened once per

year within six months from the close of the fiscal year. The special shareholders meetings may be convened in accordance with applicable laws and regulations whenever necessary. The Company's shareholders' meetings can be held by means of visual communication network or other methods promulgated by the central competent authority.

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

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

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

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

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

#### Chapter 4 Directors and the Audit Committee

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

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

Shall the registered shares held by all the directors be less than the percentage required by the competent authorities when they are elected, all the directors other than the independent directors shall make up the deficiency.

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

The functions and other matters to be complied with by the audit committee shall be in accordance with the Company Act, the Securities and Exchange Act, other laws, and the Company's Articles of Incorporation.

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

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

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

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

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

## Chapter 5 Managerial Officers

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

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

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

## Chapter 6 Accounting

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

in the general meeting:

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

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

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

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

**Article 23: Dividend policy**

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

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

#### Chapter 7 Supplementary Principles.

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

**Article 25:** The Articles of Incorporation were established on November 30, 1965. The first amendment was made on May 1, 1967. The second amendment was made on February 28, 1969. The third amendment was made on May 8, 1970. The fourth amendment was made on July 1, 1970. The fifth amendment was made on January 6, 1972. The sixth amendment was made on July 20, 1972. The seventh amendment was made on May 1, 1973. The eighth amendment was made on February 11, 1974. The ninth amendment was made on March 15, 1974. The tenth amendment was made on March 23, 1976. The eleventh amendment was made on October 13, 1976. The twelfth amendment was made on May 27, 1978. The thirteenth amendment was

made on October 24, 1978. The fourteenth amendment was made on August 25, 1979. The fifteenth amendment was made on June 3, 1980. The sixteenth amendment was made on June 10, 1980. The seventeenth amendment was made on September 9, 1980. The eighteenth amendment was made on November 8, 1980. The nineteenth amendment was made on November 29, 1980. The 20th amendment was made on April 24, 1981. The 21st amendment was made on May 26, 1981. The 22nd amendment was made on March 19, 1983. The 23rd amendment was made on June 20, 1983. The 24th amendment was made on February 24, 1984. The 25th amendment was made on March 1, 1985. The 26th amendment was made on May 28, 1985. The 27th amendment was made on June 14, 1985. The 28th amendment was made on August 30, 1986. The 29th amendment was made on May 31, 1988. The 30th amendment was made on June 22, 1988. The 31st amendment was made on November 16, 1988. The 32nd amendment was made on November 21, 1988. The 33rd amendment was made on December 29, 1988. The 34th amendment was made on March 30, 1989. The 35th amendment was made on April 23, 1989. The 36th amendment was made on May 7, 1990. The 37th amendment was made on May 20, 1991. The 38th amendment was made on May 29, 1992. The 39th amendment was made on June 14, 1993. The 40th amendment was made on May 9, 1994. The 41st amendment was made on June 22, 1995. The 42nd amendment was made on June 24, 1997. The 43rd amendment was made on June 16, 1998. The 44th amendment was made on June 13, 2000. The 45th amendment was made on June 19, 2001. The 46th amendment was made on June 18, 2002. The 47th amendment was made on June 17, 2004. The 48th amendment was made on June 8, 2005. The 49th amendment was made on June 15, 2006. The 50th amendment was made on June 19, 2009. The 51st amendment was made on June 9, 2015. The 52nd amendment was made on June 16, 2016. The 53rd amendment was made on June 14, 2018. The 54th amendment was made on June 21, 2019. The 55th amendment was made on June 23, 2022. The 56th amendment was made on June 15, 2023.

Chun Yuan Steel Industry Co., Ltd.

Chairman: CHENG, YE-MING

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

Amended on July 15, 2023

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

Article 2: (Preparation of a sign-in book and other documents)

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

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

In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date. The shareholders completing registration on the virtual meeting platform 30 minutes before the meeting starts will be deemed as attend the shareholders meeting in person.

When the Company convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

Article 3: (Principles determining the time and place of a shareholders meeting)

The venue for a shareholders' meeting shall be the premises of the Company or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to independent directors' opinions with respect to the place and time of the meeting.

The restrictions on the place of the meeting in the preceding paragraph shall not apply when the Company convenes a virtual-only shareholders meeting. However, both the chair and secretary shall be in the same domestic location, and the chair shall declare the address of their location when the meeting is called to order.

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

Changes to the method of convening the shareholders' meeting shall be subject to a resolution by the Board of Directors and shall be made no later than before the notice of the shareholders' meeting is sent.

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

In the event of a virtual shareholders meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

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

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

A shareholder holding one percent or more of the total number of issued shares may submit to

the Company a written proposal for discussion at a regular shareholders meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda.

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

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

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

#### **Article 5: (Speeches by shareholders)**

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

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

#### **Article 5-1:(Speeches by shareholders)**

Before speaking, an attending shareholder must specify on a speaker's slip the number of the attendance card, name, and subject of the speech. Which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. For the authority commissioned to the proxy in the manner of power of attorney or other means, whether known by the Company or not, the speech and vote of the proxy prevails.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

#### **Article 5-2:(Speeches by shareholders)**

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

#### **Article 5-3:(Speeches by shareholders)**

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

speech.

#### Article 5-4:(Speeches by shareholders)

When a juristic person attends the shareholders meeting as a proxy, only one representative is permitted.

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

#### Article 5-5: (Speeches by shareholders)

Where a virtual shareholders meeting is convened, shareholders may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. Articles 5-1 to 5-4 do not apply.

#### Article 6: (Documentation of a shareholders meeting by audio or video)

The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the meeting and the voting and vote counting procedures.

The recorded materials shall be retained for at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the materials of the meeting involved shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

Where a shareholders meeting is held online, this Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The above-mentioned materials and audio and video recordings shall be properly kept by the Company during the period of its existence, and the audio and video recordings shall be provided to those who are entrusted to handle the video conference affairs for storage.

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

If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, the Company shall also

declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 2.

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

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

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

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

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

**Article 9: (Calculation of voting shares)**

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

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

Article 11: Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. The results of the voting shall be announced on-site at the meeting, and a record shall be made of the vote.

In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

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

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

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

When the Company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

Those who exercise their voting rights in writing or by electronic means without retracting their declaration of intention and participate in the shareholders' meeting by video conference shall not exercise their voting rights on the same motions, propose amendment to the same motions, or exercise their voting rights for revised motions, except for extempore motions.

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

Article 14: (Maintaining order at the meeting place)

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

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

## Article 15: (Recess and resumption of a shareholders meeting)

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

## Article 16: (Handling of disconnection)

In the event of a virtual shareholders meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.

In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

In the event of any incident in the preceding paragraph that caused the meeting to be postponed or resumed, shareholders who have not registered to participate in the original shareholders' meeting by video conference shall not participate in the meeting postponed or resumed.

For the meeting to be postponed or resumed under paragraph 2, shareholders who have registered to participate in the original shareholders' meeting by video conference and have completed the registration but fail to participate in said meeting, the number of shares in attendance and the voting rights and voting rights for elections exercised at the original shareholders' meeting shall be included in the total number of attending shareholders' shares, voting rights, and voting rights for elections at the meeting postponed or resumed.

When a shareholders' meeting is postponed or resumed in accordance with paragraph 2, the motions for which the voting and counting of votes have been completed and the voting results or the list of elected directors or supervisors have been announced, do not need to be discussed or resolved again.

When the Company convenes a shareholder's meeting, supplemented by a video conference, if the video conference cannot continue as under paragraph 2, after the number of shares in attendance through the video conference is deducted, the total number of shares in attendance at the physical shareholders' meeting reaches the number as required by law, the shareholders' meeting shall continue. There is no need to postpone or resume the meeting in accordance with paragraph 2.

When the meeting shall continue as in the preceding paragraph, for shareholders participating

by video conference, the number of their shares shall be included in the total number of shares in attendance; however, they shall be deemed to abstain for all motions resolved at the shareholders' meeting.

When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company's hall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.

**Article 17: (Handling of digital divide)**

When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.

**Article 18: These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.**

Appendix 8.

**List of Shareholding by Current Directors**

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

Title	No. of shares that must be held	No. of shares registered in the registry
Director	20,724,972 shares	125,673,206 shares

Note: book closure date: April 15, 2024

**(II) Details of Shares Held by Directors**

Title	Name	No. of shares registered in the registry
Chairperson	CHENG, YE-MING	17,179,211 shares
Director	WU, MEI-YING	12,780,790 shares
Director	TSAI, HSI-CHI	24,035,799 shares
Director	TSAI, HSI-YU	17,844,010 shares
Director	LEE, WEN-FA	36,300,321 shares
Director	CHENG, I-HUNG	10,240,873 shares
Director	TSAI, CHENG-TING	7,252,202 shares
Director	De Tai Yu Investment Company (Representative: LEE, WEN-LUNG)	40,000 shares
Independent Director	TSENG, YUNG-FU	0 shares
Independent Director	HSU, LI-MING	0 shares
Independent Director	LIU, HUANG-CHI	0 shares

Note: book closure date: April 15, 2024

Appendix 9.

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