

Stock code:2027

To consult information about meeting agenda, refer to the link below:

<http://mops.twse.com.tw>

# TA CHEN STAINLESS PIPE CO., LTD.

Handbook for the 2024 Annual General Meeting of Shareholders

**TIME: 9:00 a.m. June 19, 2024**

**VENUE: No. 261, Nanmen Rd., South Dist., Tainan City 702,  
Taiwan ( The Labor Recreation Center )**

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# **Ta Chen Stainless Pipe Co., Ltd.**

## Meeting Procedure of the 2024 Annual General Meeting of Shareholders

1. Call Meeting to Order (Report the total number of shares in attendance)
2. Chairman's Address
3. Reported Items
4. Matters for Ratification
5. Extemporaneous Motions
6. Meeting Adjournment

# Ta Chen Stainless Pipe Co., Ltd. 2024 Annual General Shareholders' Meeting Agenda

Time: 9:00 a.m. June 19, 2024 (Wednesday)

2. Venue: No. 261, Nanmen Rd., Tainan City (Labor Recreation Center)

Shareholders Meeting will be held by means of: physical shareholders meeting

3. Meeting as Read

4. Chairman's Address

5. Reported Items

Item 1: 2023 company's business report and financial statements.

Item 2: Audit Committee's Review Report on the 2023 Financial Statements.

Item 3: Report on 2023 employees' and directors' remuneration.

Item 4: Report on 2023 compensation of directors.

Item 5: Report of implementation of indirect investments in the PRC.

Item 6: Report of Endorsement guarantee and Loaning Funds to Others.

6. Matters for Ratification

Item 1: Adoption of the 2023 Business Report and Financial Statements.

Item 2: Adoption of the appropriations of earnings for 2023.

7. Extemporaneous Motions

8. Meeting Adjournment

## Reported Item

No. 1

Proposal: The Company's 2023 Business Report and Financial Statements.

Explanation: Please refer to Page 9 hereof for the “2023 Annual Business Report” (Attachment 1)

## Reported Item

No. 2

Proposal: Audit Committee’s Review Report on the 2023 Financial Statements.

Explanation: Please refer to Page 14 hereof for the “Audit Committee’s Review Report” (Attachment 2)

## Reported Item

No. 3

Proposal: Report on 2023 employees' and directors' remuneration.

Explanation: 1. 2023 Net income before tax is NT\$6,193,563,953 (before deducting the remuneration of employees and directors). In accordance with Article 18-1 of the Articles of Incorporation, it has been proposed that the Company disburses in cash with 0.39% to directors and 3% to employees.

2. The amount of Remuneration for directors totaled NT\$24,000,000, equally distributed to 8 directors (Excluding Independent Directors) with the amount of NT\$3,000,000 for each.

3. The amount of Remuneration for employees is NT\$185,806,919.

## Reported Item

No. 4

Proposal: Report on 2023 compensation of directors.

Explanation: The Company reports the 2023 remuneration received by Directors, including the remuneration policy, the details and amount of the remuneration received by individual directors at the Annual Shareholder’ Meeting in accordance with Article 10-1 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. Please refer to Page 15 for the relevant content. (Attachment 3)

## Reported Item

No. 5

Proposal: Report on implementation of indirect investments in the PRC.

Explanation: The information of Company’s investment in PRC is stated as follows:

Name of Company	Investment method	Contribution Accumulated investment amount	Maximum Investment
Shijiazhuang Tachen Jitai Machinery Co., Ltd.	Operated according to the supervision of the subsidiary Ta Chen (B.V.I.) Holdings, Ltd.	US\$4,750,000 (NT\$145,849,000)	NT\$37,835,998,000
Ta Chen (Boye) Machinery Co., Ltd.	Operated according to the supervision of the subsidiary Ta Chen (B.V.I.) Holdings, Ltd.	US\$11,935,000 (NT\$366,464,000)	

Yinrong (Shanghai) Investment Management Limited.	100% shareholding	RMB\$500,000 (NT\$2,163,000)	
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Note 1: The Company's collaboration amounted to NT\$63,059,997,000 till December 31, 2023. (At the exchange rate \$1USD : \$30.705NTD and \$1RMB : \$4.327NTD)

Note 2: The maximum investment is 60% of the Company's collaboration (Accumulated), in accordance with the "Regulation Governing the Approval Of Investment Or Technical Cooperation in Mainland China" of the Investment Commission promulgated on August 29, 2008.

## Reported Item

## No. 6

Proposal: Report of Endorsements/Guarantees and Loaning Funds to Others.

Explanation: 1. The endorsements and guarantees made by the Company for business up to February 29, 2024 are as follows:

Date	Name of company as guarantor/endorser	Endorsed/ guaranteed party	Amount (NT\$)	Amount (US\$/RMB)	Type
2017.7	TA CHEN STAINLESS PIPE	EMPIRE RESOURCES, INC.	189,480,000	US\$6,000,000	Financing Guarantee
2021.5	TA CHEN STAINLESS PIPE	TMCT PRODUCTS, INC.	198,954,000	US\$6,300,000	Financing Guarantee
2021.11	TA CHEN STAINLESS PIPE	Ta Chen Lung Mei Home Life Co., Ltd.	200,000,000		Financing Guarantee
2022.3	TA CHEN STAINLESS PIPE	Ta Chen (B.V.I.) Holdings, Ltd.	110,530,000	US\$3,500,000	Financing Guarantee
2022.9	TA CHEN STAINLESS PIPE	Ta Chen Lung Mei Home Life Co., Ltd.	300,000,000		Financing Guarantee
2023.3	TA CHEN STAINLESS PIPE	Ta Chen Lung Mei Home Life Co., Ltd.	200,000,000		Financing Guarantee
2023.3	TA CHEN STAINLESS PIPE	TCI Texarkana, Inc.	947,400,000	US\$30,000,000	Financing Guarantee
2023.4	TA CHEN STAINLESS PIPE	Ta Chen Lung Mei Home Life Co., Ltd.	50,000,000		Financing Guarantee
2023.5	TA CHEN STAINLESS PIPE	Ta Chen Lung Mei Home Life Co., Ltd.	100,000,000		Financing Guarantee
2023.7	TA CHEN STAINLESS PIPE	Ta Chen Lung Mei Home Life Co., Ltd.	100,000,000		Financing Guarantee
2023.8	TA CHEN STAINLESS PIPE	Wei Mei Hsin Shu Interior Decoration Co., Ltd.	30,000,000		Financing Guarantee
2023.9	TA CHEN STAINLESS PIPE	Wei Mei Hsin Shu Interior Decoration Co., Ltd.	35,000,000		Financing Guarantee
2023.9	TA CHEN STAINLESS PIPE	Wei Mei Hsin Shu Interior Decoration Co., Ltd.	30,000,000		Financing Guarantee

2023.9	TA CHEN STAINLESS PIPE	Ta Chen Lung Mei Home Life Co., Ltd.	100,000,000		Financing Guarantee
2023.10	TA CHEN STAINLESS PIPE	Ta Chen Lung Mei Home Life Co., Ltd.	100,000,000		Financing Guarantee
2023.10	TA CHEN STAINLESS PIPE	Ta Chen Lung Mei Home Life Co., Ltd.	700,000,000		Financing Guarantee
2023.11	TA CHEN STAINLESS PIPE	Ta Chen (Boye) Machinery Co., Ltd.	157,680,000	RMB\$36,000,000	Financing Guarantee
2023.12	TA CHEN STAINLESS PIPE	Ta Chen Lung Mei Home Life Co., Ltd.	100,000,000		Financing Guarantee

The total amounts of endorsements/guarantees as above are NT\$3,649,044,000 at an exchange rate of US\$:NT\$ @31.580 and RMB:NT\$ @4.380 in February, 2024), it does not exceed the threshold referred to in the subparagraph 3, Article 5 of the Company's existing "Endorsement/Guarantee Operating Procedure", providing that "The endorsement/guarantee to subsidiaries cannot exceed 200% of the Company's net value". The endorsement/guarantee made for a single enterprise in the current period shall not exceed 200% of the Company's net value. (Net Value NT\$63,059,997,000×200%=126,119,994,000 on December 31, 2023)

2. The Company loaning funds to others as of February 29, 2024 are as follows:

In Thousands of New Taiwan Dollars					
Lender	Borrower	Highest Balance for the Period	Ending Balance	Interest Rate (%)	Reasons for Short-term Financing
The Company	TCI Texarkana, Inc.	2,842,200 (US\$90,000,000)	2,842,200 (US\$90,000,000)	5.4%~5.85%	Operating capital
The Company	Ta Chen Lung Mei Home Life Co., Ltd.	200,000	200,000	1.8%	Operating capital
The Company	Wei Mei Roller Blind Co., Ltd.	80,000	80,000	1.8%	Operating capital

The total loaned funds to others as above are NT\$3,122,200,000, it does not exceed the threshold referred to in the Article 5 of the Company's existing "Procedures for Loaning of Funds to Others Comparison Table of Amendments" providing that "loaned funds to others cannot exceed 40% of the Company's net value" and "the board of directors deems it necessary to provide short-term financing cannot exceed 10% of the Company's net value". The total loaned funds to others in the current period shall not exceed 40% of the Company's net value. (Net Value NT\$63,059,997,000×40%=25,223,999,000 on December 31, 2023) ; The loaned funds made for a single enterprise in the current period shall not exceed 10% of the Company's net value. (Net Value NT\$63,059,997,000×10%=6,306,000,000 on December 31, 2023)

Matters for  
Ratification

No. 1

(Proposed by the Board  
of Directors)

Proposal: Adoption of the 2023 Business Report and Financial Statements.

Explanation: 1. The 2023 Business Report and Financial Statements have been approved by the Board of Directors, and reviewed by the Audit Committee. The Financial Statements were also audited by CPA Chi-Chen Lee , and Chao-Chin Yang, CPA of Deloitte & Touche.

2. Please refer to Page 17 hereof for said “Financial Statements and Independent Auditor Report” (Attachment 4).

Resolution:

Matters for  
Ratification

No. 2

(Proposed by the Board  
of Directors)

Proposal: Adoption of the appropriations of earnings for 2023.

Explanation: The Company's Distribution of 2023 Profits as following:

Ta Chen Stainless Pipe Co., Ltd.  
Earnings Distribution Plan  
2023

Unit: NT\$

	Amount
Undistributed earnings from previous years	\$ 8,726,472,280
Retained earnings adjusted due to investment under equity method	22,227,699
Re-measurement of Defined benefit plans of the net defined benefit of Retained Earnings	<u>375,515</u>
Retained Earnings After Adjustment	8,749,075,494
Net Profit	5,330,801,910
Less: 10% Legal Reserve	( 535,340,512 )
Add: Special reserve provided pursuant to laws	<u>64,307,617</u>
Retained Earnings of 2023	13,608,844,509
Distribution	
Cash dividends of Common Stocks-NT\$ 1.2 per share	<u>( 2,921,112,738 )</u>
Unappropriated Retained Earnings	<u>\$ 10,687,731,771</u>

Chairman: Li-Yun Hsieh

CEO: Rung-Kun Shieh

Accounting Manager: Jian-Chong Weng

Note 1. Based on 2,434,260,615 outstanding ordinary shares of Company on February 29, 2024, the cash dividend to be allocated is NT\$1.8 per share. The cash dividends will be allocated on a pro rata basis and rounded down to the nearest NT\$1 with the sum of all fractional dividends less than NT\$1 being distributed by diminishing Shareholder Account Number until the match distribution of cash dividend.

Note 2. If the factors, such as buying back the Company's share, or transferring or selling the treasury share of Company, or issuance of stock and capital increasing by cash affect the distributable shares of Company and result in changes of distribution yield of shareholders and are required to modify, it is proposed the Shareholders' Meeting authorizes the Board of Directors to adjust it.

Resolution:

## **Extemporaneous Motions**

## **Meeting Adjournment**

## 2023 Annual Business Report

### 1 Business Report of the Previous Fiscal Year (2023 Fiscal Year – January 1<sup>st</sup>, 2023 to December 31<sup>st</sup>, 2023)

#### (I) Implementation results of the business plan of the Previous Fiscal Year:

##### 1. Implementation of the Business Report of the Previous Fiscal Year: (For the Financial Report of January 1<sup>st</sup>, 2023 to December 31<sup>st</sup>, 2023, please see Page 17)

The turnover of the Company in 2023 is NT\$101,256,601 thousand, which is NT\$12,891,969 thousand less than that in 2022, with a decrease of 11%; profit before tax is NT\$9,608,340 thousand, which is NT\$9,577,883 thousand less than that of 2022, with a decrease of 50%. The detailed reasons of which are as follows:

#### (1) Stainless Steel Department

Unit: NTD thousand / Ton

	2023	2022	Increase (Decrease)	Increase (Decrease) %
Operating Revenue	36,173,532	43,109,096	( 6,935,564)	(16)
Operating cost	30,462,338	30,410,928	51,410	-
Operating Gross Revenue	5,711,194	12,698,168	( 6,986,974)	(55)
Number of Sales	171,167	200,627	(29,460)	(15)
Number of Production	184,143	208,433	(24,290)	(12)
Unit Sales	211	215	(4)	(2)
Unit Cost	178	152	26	17

In 2023, due to the raise of Federal Reserve's substantial rate and the increase of raw materials cost, Customers are conservative in purchasing goods, which reduces sales volume. Gross Revenue is NT\$6,986,974 thousand less than that of 2022, with a decrease of 55%.

## (2) Fastener Department

Unit: NTD thousand / Ton

	2023	2022	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	22,734,778	24,669,057	( 1,934,279)	(8)
Operating cost	14,759,316	15,001,206	( 241,890)	(2)
Operating Gross Revenue	7,975,462	9,667,851	( 1,692,389)	(18)
Number of Sales	169,825	180,992	(11,167)	(6)
Number of Purchase	165,964	248,844	(82,880)	(33)
Unit Sales	134	136	(2)	(1)
Unit Cost	87	83	4	5

In 2022, the U.S. government announced the promotion of large-scale infrastructure projects covering the construction of hardware facilities. The construction of said hardware facilities drove the demand for the raw materials including plastics, steels and cement. However, due to the raise of Federal Reserve's substantial rate and high inflationary pressures in the United States, the global economic growth momentum declined in 2023, compared with the high basis of economic growth in 2022. The operating revenue and the gross profit margin from fastener products decreased NT\$1.9 billion and 18% in 2023 from the same period of last year, which was due to the increase in raw material costs and sea freight. In addition, the purchase volume in 2023 also decreased due to the slowdown in market demand.

## (3) Aluminum Product Department

Unit: NTD thousand / Ton

	2023	2022	Increase (Decrease)	Increase (Decrease) %
Operating Revenue	39,623,276	45,196,057	( 5,572,781)	(12)
Operating cost	34,580,796	36,899,934	( 2,319,138)	(6)
Operating Gross Revenue	5,042,480	8,296,123	( 3,253,643)	(39)
Number of Sales	266,610	272,953	(6,343)	(2)
Number of Purchase	210,398	267,605	(57,207)	(21)
Unit Sales	149	166	(17)	(10)
Unit Cost	130	135	(5)	(4)

In 2023, due to the raise of Federal Reserve's substantial rate, customers are conservative in purchasing goods, which caused a decline in revenue. Gross Revenue is NT\$3,253,643 thousand less than that of 2022, with a decrease of 39%.

(4) Window decoration and other product department

Unit: NTD thousand / Ton

	2023	2022	Increase (Decrease)	Increase (Decrease) %
Operating Revenue	2,725,015	1,174,360	1,550,655	132
Operating cost	1,997,354	798,925	1,198,429	150
Operating Gross Revenue	727,661	375,435	352,226	94
Number of Sales	Note	Note	-	-
Number of Purchase	Note	Note	-	-
Unit Sales	-	-	-	-
Unit Cost	-	-	-	-

Note : Not applicable due to unit differences.

It is primarily engaged in the window decoration and forging product business. Due to the consolidation of Right Way since July 2022 and with the continuous expansion of window decoration business in 2023, the sales revenue increased compared with that in 2022.

(II) Execution of Operating Income and Expense Budget: Not Applicable

(III) Financial Income and Expenses:

Unit: NTD thousand

Item	2023	2022	Amount Increased / Decreased
Net Cash Inflow from Operating Activities	25,262,647	4,093,811	21,168,836
Net Cash Inflow (Outflow) from Investing Activities	( 9,533,931 )	( 6,091,953 )	( 3,441,978 )
Net Cash Inflow (Outflow) of Fundraising Activities	( 17,595,358 )	3,494,550	( 21,089,908 )

1. Net cash inflow increased due to accelerated inventory elimination.

2. Net cash outflows from investing activities increased due to increased capital expenditures related to plant expansion in the United States.
3. Due to the repayment of long-term and short-term borrowings and the payment of cash dividends this year

(IV) Analysis of Profitability:

	2023	2022
Return on Assets (%)	5.50	12.03
Return on Shareholders' Equity (%)	9.18	22.44
Ratio of Operating Profit in Paid-in Capital (%)	36.38	91.33
Ratio of Net Profit Before Tax in Paid-in Capital (%)	39.47	94.58
Net Profit Rate (%)	6.73	12.61
Earnings per Share (NTD) – After Tax	2.30	5.15

In 2023, due to the raise of Federal Reserve's substantial rate, Customers are conservative in purchasing goods, which reduces sales volume, gross profit, pre-tax profit and net profit compared with these in 2022.

(V) Research Development:

For the goal to become a professional manufacturer of vertical and horizontal stainless steel industry and relevant products, apart from improving the quality and research efficiency of existing products, the Company also aggressively reaches out to the field of plastic and wooden curtain products, and have achieved good results of its work.

## 2 Business Summary of the Current Fiscal Year (January 1<sup>st</sup>, 2024 to December 31<sup>st</sup>, 2024)

(I) The operating policies for the current fiscal year are as follows:

1. To improve production procedure and marketing strategies to lower costs and increase product competitiveness.
2. To expand the markets abroad to pave the marketing channels of the Company's subsidiary in America to increase revenue and profit.

(II) The Company's expected number of sales and the basis of which in 2024 are as follows:

Unit: Ton

Major Products	Annual Expected Number of Sales (Ton)	Basis
Stainless Steel Products	200,000	Past sales performance and expected supply and demand situation of the current fiscal year
Screws and Screw-Nuts	200,000	
Aluminum Products	280,000	
Window decoration product	12,000	
Total	692,000	

(III) Important Production and Marketing Policy

1. Continue to expand foreign markets.
2. Increase the efficiency of machine equipment production.
3. Strengthen quality control for stable product quality.
4. Enhance competitive advantage and improve the administration efficiency through comprehensive information operation.

3 Future Development strategy of the Company: Link closely the golden triangle of "Taiwan Operation", "Global Production" and "Global Sales", creating a new pattern for traditional industries.

4 Impact of external environment of competition, regulatory environment and overall business operation environment

1. Pricing competition of the steel market is fierce. In addition, there are trade barriers in various countries around the world, therefore, the dumping cases are not uncommon.
2. The impact of the regulatory aspect is relatively low.
3. Stainless steel, screws, screw-nuts and aluminum products are all basic materials of industrial development, which is closely related to the performance of the overall economic environment.

Chairman: Li-Yun Hsieh

CEO: Rung-Kun Shieh

Accounting Manager: Jian-Chong Weng

Ta Chen Stainless Pipe Co., Ltd.  
Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Financial Statements audited by Deloitte & Touche Taiwan, earnings distribution plan and business report. The Audit Committee has reviewed the aforementioned financial statements and documents, and concluded all information is presented fairly. We hereby submit this report pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of The Company Act.

Respectfully submitted,

To:

2024 Annual General Meeting of Ta Chen Stainless Pipe Co., Ltd.

Audit committee of  
Ta Chen Stainless Pipe Co., Ltd.

Independent Director: Ming-Chang Shen  
Independent Director: Chun-An Hsu  
Independent Director: Kuang-Hsiang Wang  
Independent Director: Kuang-Tzu Wang

March 12, 2024

## Remuneration of Directors and Independent Directors

December 31<sup>st</sup>, 2023 Unit: NT\$

Post	Name	Director Remuneration								Gross profit ratio of A, B, C and D in the total remuneration		Relevant Remuneration for Part-time Employees								Gross profit ratio of A, B, C, D, E, F and G in the total remuneration		Compensation paid by an reinvested company other than the subsidiary or the parent company		
		Remuneration (A)		Retirement Pension (B)		Director Remuneration (C)		Business Execution Expense (D)				Salary, Bonus and Special Allowance (E)		Retirement Pension (F)		Employee Remuneration (G)								
		The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus	The Company	All Companies included in the Financial Report			
Chairman	Wei-Yi Investment Co., Ltd.	-	-	-	-	3,000,000	3,000,000	-	-	3,000,000	3,000,000	-	-	-	-	-	-	-	-	-	-	3,000,000	3,000,000	None
										0.06%	0.06%											0.06%	0.06%	
	Company Representative Li-Yun Hsieh	-	-	-	-	-	-	90,000	90,000	90,000	90,000	-	-	-	-	-	-	-	-	-	-	90,000	90,000	
										-	-											-	-	
Director	Wise Creation Investment Ltd.	-	-	-	-	3,000,000	3,000,000	-	-	3,000,000	3,000,000	-	-	-	-	-	-	-	-	-	-	3,000,000	3,000,000	
										0.06%	0.06%											0.06%	0.06%	
	Company Representative I-Lan Ou	-	-	-	-	-	-	90,000	90,000	90,000	90,000	-	-	-	-	-	-	-	-	-	-	90,000	90,000	
										-	-											-	-	
Director	Shih-Hsien Tu	-	-	-	-	3,000,000	3,000,000	90,000	90,000	3,090,000	3,090,000	-	8,466,856	-	-	-	-	-	-	-	-	3,090,000	11,556,856	
										0.06%	0.06%											0.06%	0.22%	
Director	Ta Ying Cheng Investment Co., Ltd.	-	-	-	-	3,000,000	3,000,000	-	-	3,000,000	3,000,000	-	-	-	-	-	-	-	-	-	-	3,000,000	3,000,000	
										0.06%	0.06%											0.06%	0.06%	
	Company Representative Rung-Kun Shieh	-	-	-	-	-	-	-	-	-	-	14,040,275	14,040,275	108,000	108,000	-	-	-	-	-	-	14,148,275	14,148,275	
										-	-											0.27%	0.27%	
Director	Chao-Jin, Tsai	-	-	-	-	3,000,000	3,000,000	90,000	90,000	3,090,000	3,090,000	-	-	-	-	-	-	-	-	-	-	3,090,000	3,090,000	
										0.06%	0.06%											0.06%	0.06%	
Director	Yong-Yu Tsai	-	-	-	-	3,000,000	3,000,000	90,000	90,000	3,090,000	3,090,000	-	-	-	-	-	-	-	-	-	-	3,090,000	3,090,000	
										0.06%	0.06%											0.06%	0.06%	
Director	Erh-Yi Hsieh	-	-	-	-	3,000,000	3,000,000	-	-	3,000,000	3,000,000	740,274	740,274	45,216	45,216	1,103,429	-	1,103,429	-	-	4,888,919	4,888,919		
										0.06%	0.06%											0.09%	0.09%	
Director	Linfangjin Charitable Foundation	-	-	-	-	3,000,000	3,000,000	90,000	90,000	3,090,000	3,090,000	-	-	-	-	-	-	-	-	-	-	3,090,000	3,090,000	
										0.06%	0.06%											0.06%	0.06%	
	Company Representative Mei-Feng Lin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Independent Director	Chun-An Hsu	960,000	1,440,000	-	-	-	-	-	-	960,000	1,440,000	-	-	-	-	-	-	-	-	-	-	960,000	1,440,000	
										0.02%	0.03%											0.02%	0.03%	
Independent Director	Ming-Chang Shen	1,200,000	2,880,000	-	-	-	-	-	6,372	1,200,000	2,886,372	-	-	-	-	-	-	-	-	-	-	1,200,000	2,886,372	
										0.02%	0.05%											0.02%	0.05%	
Independent Director	Guang-Hsiang Wang	960,000	1,440,000	-	-	-	-	-	-	960,000	1,440,000	-	-	-	-	-	-	-	-	-	-	960,000	1,440,000	
										0.02%	0.03%											0.02%	0.03%	

Post	Name	Director Remuneration								Gross profit ratio of A, B, C and D in the total remuneration		Relevant Remuneration for Part-time Employees								Gross profit ratio of A, B, C, D, E, F and G in the total remuneration		Compensation paid by an reinvested company other than the subsidiary or the parent company					
		Remuneration (A)		Retirement Pension (B)		Director Remuneration (C)		Business Execution Expense (D)				Salary, Bonus and Special Allowance (E)		Retirement Pension (F)		Employee Remuneration (G)											
		The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus	The Company	All Companies included in the Financial Report						
Independent Director	Kuang-Tzu Wang	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Director (resignation)	Ta Ying Cheng Investment Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Company Representative Ling-Hwa Wang (note 3)	-	-	-	-	-	-	-	-	-	-	568,821	568,821	108,000	108,000	1,414,588	-	1,414,588	-	-	2,091,409	2,091,409	-	-	0.04%	0.04%	-
Former Director	Jung-Huei, Hsieh (note 4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

\* Apart from the above-disclosed table, remuneration enlisted by company directors for the providence of service as stated in the financial report in the recent fiscal year is (such as the post as consultant for part-time employees): 0

Note 1. Please state the policy, system, standard and structure for paying the remuneration to ordinary directors and independent directors, as well as the relation between factors, such as duties, risks, devotion time, and the paid amount of remuneration paid:

The independent directors of the Company receive fixed remuneration, do not participate in profit distribution, and they are entitled to receive transportation expenses based on actual attendance at meetings. Moreover, the policy and standard for paying the remuneration to directors are regulated by Article 18.1 of the Company's by-law: "3% of the Company's annual net profit before deduction of employee compensation and directors' remuneration shall be allocated to the employee's remuneration, while no more than 1.5% shall be director's remuneration. However, if the company still has accumulated losses (including adjustment of retained earnings amount), the amount of compensation should be retained in advance.

The employee's remuneration mentioned in the preceding paragraph can be given by shares or cash, and the objects of payment may include the employees of the subordinate companies that meet the conditions set by the board of directors. Nevertheless, the directors' remuneration can only be paid in cash. The resolution of the previous two items shall be passed by the board of directors and reported to the shareholders' meeting." and regulated by Article 16 of the Company's by-law: "The resolution of directors' remuneration is authorized to the board of directors and is made based on the level of the industry." In addition, the Company also utilizes the individual director performance evaluation results according to the "Board of Directors Performance Evaluation Procedures" as a reference for salary compensation.

2. In addition to the disclosure in the preceding table, the remuneration given to the directors for providing services to all the companies in the financial statement during the most recent year (including as a non-employee advisor for all companies/investees under the parent company/in the Financial Report): None.

3. The Directors Ling-Hwa Wang was newly elected during the directors' re-election of the Annual Shareholder's Meeting on June 26, 2023. Date of resignation was August 29, 2023.

4. The re-election was held during the Annual Shareholders' Meeting on June 26, 2023. The Directors Jung-Huei, Hsieh was dismissed.

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Ta Chen Stainless Pipe Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of Ta Chen Stainless Pipe Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China (ROC).

### **Basis for Opinion**

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

### **Key Audit Matters**

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

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is described as follows:

#### Authenticity of Revenue Recognition from Specific Customers, Sale Models and Products

Sales revenue of the Group comes primarily from the sale of goods to specific customers, sale models and the sale of specific products. Since revenue from the specific customers and sale of products is material to the consolidated financial statements, considering that there is a presumed significant risk in revenue recognition, the authenticity of revenue recognition from specific sales model customers and sale of products has a significant impact on the consolidated financial statements. Therefore, the authenticity of revenue recognition from specific customers and sale of products was identified as a key audit matter for the year ended December 31, 2023. For the relevant accounting policies of revenue recognition, refer to Note 4(q).

The main audit procedures that we performed in regard of the aforementioned key audit matter are as follows:

1. We obtained an understanding of and tested the effectiveness of the design of the relevant internal controls and implementation related to revenue recognition from specific customers, sale models and products.
2. We selected samples and checked the documents and payment status related to the sales revenue of the specific customers, sale models and products to verify the occurrence of the sales.

#### **Emphasis of Matter**

Refer to Note 29 to the consolidated financial statements, the Group acquired shares of Wei Mei Hsin Shu Design Co., Ltd. in May 2022. As a result of the fact that the valuation report had completed in May 2023, we reviewed and retrospective restated the consolidated financial statements for the year ended December 31, 2022 in according to the regulations. Our opinion result is not modified in respect of this matter.

#### **Other Matter**

We have also audited the parent company only financial statements of Ta Chen Stainless Pipe Co., Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion with other matter paragraph.

We did not audit the financial statements of Right Way Industrial (Malaysia) Sdn. Bhd. and its subsidiary included in the consolidated financial statements of the Group, but such statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included for Right Way Industrial (Malaysia) Sdn. Bhd. and its subsidiary, is based solely on the reports of other auditors. As of December 31, 2023 and 2022, the total assets of the above subsidiaries were NT\$469,929 thousand and NT\$469,744 thousand, accounting for 0.35% and 0.32%, respectively, of consolidated total assets; for the years ended December 31, 2023 and 2022, the total revenue was NT\$209,239 thousand and NT\$73,710 thousand, accounting for 0.21% and 0.06%, respectively, of consolidated total revenue. We did not audit the financial statements of TY Steel Co., Ltd. included in the consolidated financial statements of the Group, but such statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included for TY Steel Co., Ltd., is based solely on the reports of other auditors. As of December 31, 2023 and 2022, the total amount of the above investments accounted for using the equity method was NT\$481,846 thousand and NT\$615,011 thousand, accounting for 0.36% and 0.42%, respectively, of consolidated total assets; for the years ended December 31, 2023 and 2022, the total comprehensive income of the above investments accounted for using the equity method was NT\$(136,447) thousand and NT\$(221,287) thousand, accounting for (2.33%) and (1.01%), respectively, of consolidated total comprehensive income.

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

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

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chi-Chen Li and Chao-Chin Yang.

Deloitte & Touche  
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 generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally 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.*

## Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

### CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022 (Audited after Restatement)	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 9,424,771	7	\$ 11,234,287	8
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	363,663	-	122,249	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	79,030	-	79,240	-
Financial assets at amortized cost - current (Notes 4, 9 and 34)	4,237,146	3	2,594,949	2
Financial assets for hedging - current (Notes 4 and 32)	-	-	44,885	-
Notes receivable (Note 10)	58,572	-	40,019	-
Accounts receivable, net (Notes 4, 10, 25 and 34)	7,466,965	6	8,065,531	6
Other receivables (Note 33)	343,010	-	725,291	1
Current tax assets (Notes 4 and 27)	1,133,906	1	1,742,653	1
Inventories (Notes 4, 11 and 34)	56,615,858	42	72,103,060	49
Prepayments (Notes 19 and 33)	2,612,686	2	2,118,277	1
Non-current assets held for sale (Notes 4 and 12)	-	-	92,619	-
Other current assets	67,094	-	83,112	-
Total current assets	<u>82,402,701</u>	<u>61</u>	<u>99,046,172</u>	<u>68</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	411,934	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 14)	786,447	1	741,799	-
Financial assets at amortized cost - non-current (Notes 4, 9, 33 and 34)	1,501,490	1	1,394,676	1
Derivative financial assets for hedging - non-current (Notes 4 and 32)	697,866	1	1,595,174	1
Investments accounted for using the equity method (Notes 4, 5 and 14)	526,927	-	650,254	-
Property, plant and equipment (Notes 4, 15 and 34)	29,301,180	22	22,992,358	16
Right-of-use assets (Notes 4 and 17)	7,930,832	6	7,300,665	5
Investment properties (Notes 4 and 16)	1,185,148	1	1,067,168	1
Goodwill (Notes 4 and 18)	4,186,666	3	4,187,281	3
Other intangible assets (Notes 4 and 18)	1,586,433	1	1,895,600	1
Deferred tax assets (Notes 4 and 27)	1,806,530	1	2,684,213	2
Prepayments for equipment and properties (Note 19)	2,368,615	2	2,719,084	2
Net defined benefit assets - non-current (Notes 4 and 23)	133,774	-	109,717	-
Other non-current assets	288,769	-	61,925	-
Total non-current assets	<u>52,712,611</u>	<u>39</u>	<u>47,399,914</u>	<u>32</u>
<b>TOTAL</b>	<u>\$ 135,115,312</u>	<u>100</u>	<u>\$ 146,446,086</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 20 and 34)	\$ 17,955,293	13	\$ 13,650,609	9
Short-term bills payable (Notes 20 and 34)	569,906	1	889,310	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	175,429	-	182,453	-
Contract liabilities - current (Note 25)	145,627	-	173,958	-
Notes payable (Note 21)	108,038	-	83,868	-
Accounts payable (Note 21)	1,666,922	1	2,572,718	2
Accounts payable to related parties (Note 33)	310,795	-	424,050	-
Other payables (Note 22)	3,153,930	2	3,899,554	3
Current tax liabilities (Notes 4 and 27)	918,108	1	1,595,242	1
Lease liabilities - current (Notes 4 and 17)	1,131,386	1	985,981	1
Current portion of long-term borrowings (Notes 20 and 34)	1,274,888	1	9,066,292	6
Other current liabilities	584,075	1	896,656	1
Total current liabilities	<u>27,994,397</u>	<u>21</u>	<u>34,420,691</u>	<u>24</u>
<b>NON-CURRENT LIABILITIES</b>				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	-	-	200	-
Long-term borrowings (Notes 20 and 34)	22,870,654	17	28,987,572	20
Deferred tax liabilities (Notes 4 and 27)	1,885,655	1	1,821,441	1
Lease liabilities - non-current (Notes 4 and 17)	7,729,011	6	7,123,761	5
Long-term payables	45,182	-	51,153	-
Net defined benefit liabilities - non-current (Notes 4 and 23)	2,281	-	18,737	-
Other non-current liabilities	108,823	-	125,336	-
Total non-current liabilities	<u>32,641,606</u>	<u>24</u>	<u>38,128,200</u>	<u>26</u>
Total liabilities	<u>60,636,003</u>	<u>45</u>	<u>72,548,891</u>	<u>50</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)</b>				
Ordinary shares	24,342,606	18	20,285,505	14
Capital surplus	23,001,551	17	22,783,377	15
Retained earnings				
Legal reserve	4,217,219	3	3,025,798	2
Special reserve	64,308	-	3,883,805	3
Unappropriated earnings	14,079,877	11	15,024,018	10
Total retained earnings	18,361,404	14	21,933,621	15
Other equity	1,740,595	1	2,733,151	2
Treasury shares	(4,386,159)	(3)	(4,473,674)	(3)
Total equity attributable to owners of the Company	<u>63,059,997</u>	<u>47</u>	<u>63,261,980</u>	<u>43</u>
<b>NON-CONTROLLING INTERESTS (Note 24)</b>	<u>11,419,312</u>	<u>8</u>	<u>10,635,215</u>	<u>7</u>
Total equity	<u>74,479,309</u>	<u>55</u>	<u>73,897,195</u>	<u>50</u>
<b>TOTAL</b>	<u>\$ 135,115,312</u>	<u>100</u>	<u>\$ 146,446,086</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

## Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 25)	\$ 101,256,601	100	\$ 114,148,570	100
OPERATING COSTS (Notes 11, 26 and 33)	<u>81,799,804</u>	<u>81</u>	<u>83,110,993</u>	<u>73</u>
GROSS PROFIT	<u>19,456,797</u>	<u>19</u>	<u>31,037,577</u>	<u>27</u>
OPERATING EXPENSES (Notes 10, 26 and 33)				
Selling and marketing expenses	3,098,690	3	3,581,140	3
General and administrative expenses	7,491,270	7	8,920,812	8
Expected credit (gain) loss	<u>(4,552)</u>	<u>-</u>	<u>4,664</u>	<u>-</u>
Total operating expenses	<u>10,585,408</u>	<u>10</u>	<u>12,506,616</u>	<u>11</u>
OTHER OPERATING INCOME AND EXPENSES (Note 26)	<u>(15,415)</u>	<u>-</u>	<u>(4,759)</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>8,855,974</u>	<u>9</u>	<u>18,526,202</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 12, 14, 26 and 33)				
Interest income	286,613	-	86,225	-
Gain from bargain purchase - acquisition of subsidiaries	-	-	110,248	-
Other income	335,834	-	365,055	-
Other gains and losses	1,442,133	2	1,625,540	2
Finance costs	(1,159,200)	(1)	(1,215,810)	(1)
Share of profit or loss of associates	<u>(153,014)</u>	<u>-</u>	<u>(311,237)</u>	<u>-</u>
Total non-operating expenses	<u>752,366</u>	<u>1</u>	<u>660,021</u>	<u>1</u>
PROFIT BEFORE INCOME TAX FOR THE YEAR	9,608,340	10	19,186,223	17
INCOME TAX EXPENSE (Notes 4 and 27)	<u>2,797,796</u>	<u>3</u>	<u>4,787,359</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>6,810,544</u>	<u>7</u>	<u>14,398,864</u>	<u>13</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 24 and 27)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	24,206	-	40,105	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	<u>(8,233)</u>	<u>-</u>	<u>(17,897)</u>	<u>-</u>

(Continued)

## Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	\$ (1,162)	-	\$ (4,780)	-
	<u>14,811</u>	<u>-</u>	<u>17,428</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	163,045	-	5,451,186	5
Gain on hedging instruments not subject to basis adjustment	(975,980)	(1)	1,984,945	1
Income tax relating to items that may be reclassified subsequently to profit or loss	(161,330)	-	(24,745)	-
	<u>(974,265)</u>	<u>(1)</u>	<u>7,411,386</u>	<u>6</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(959,454)</u>	<u>(1)</u>	<u>7,428,814</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ <u>5,851,090</u>	<u>6</u>	\$ <u>21,827,678</u>	<u>19</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 5,330,802	5	\$ 12,025,615	11
Non-controlling interests	<u>1,479,742</u>	<u>2</u>	<u>2,373,249</u>	<u>2</u>
	\$ <u>6,810,544</u>	<u>7</u>	\$ <u>14,398,864</u>	<u>13</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 4,360,849	4	\$ 18,717,412	16
Non-controlling interests	<u>1,490,241</u>	<u>2</u>	<u>3,110,266</u>	<u>3</u>
	\$ <u>5,851,090</u>	<u>6</u>	\$ <u>21,827,678</u>	<u>19</u>
EARNINGS PER SHARE (New Taiwan Dollars; Note 28)				
Basic	\$ <u>2.30</u>		\$ <u>5.15</u>	
Diluted	\$ <u>2.29</u>		\$ <u>5.12</u>	

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

(Concluded)

## Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Company						Other Equity					Non-controlling Interest (Note 22)	Total Equity
	Retained Earnings			Unappropriated Earnings			Exchange Differences on Translating the Financial Statements Foreign Operations	Unrealized Gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Total Other Equity	Treasury Shares		
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements Foreign Operations	Unrealized Gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Total Other Equity	Treasury Shares	Total	Non-controlling Interest (Note 22)	Total Equity
BALANCE AT JANUARY 1, 2022	\$ 20,084,659	\$ 22,993,816	\$ 2,058,958	\$ 2,108,136	\$ 9,668,399	\$ (3,606,319)	\$ 18,570	\$ (296,056)	\$ (3,883,805)	\$ (4,004,953)	\$ 49,025,210	\$ 5,400,906	\$ 54,426,116
Appropriation of 2021 earnings (Note 24)	-	-	966,840	-	(966,840)	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	(966,840)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,775,669	(1,775,669)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(3,615,239)	-	-	-	-	-	(3,615,239)	-	(3,615,239)
Share dividends distributed by the Company	200,846	-	-	-	(200,846)	-	-	-	-	-	-	-	-
Other changes in capital surplus	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	(1,159)	-	-	-	-	-	(1,159)	-	(1,159)
Net profit for the year ended December 31, 2022	-	-	-	-	12,025,615	-	-	-	-	-	12,025,615	2,373,249	14,398,864
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax (Note 24)	-	-	-	-	35,325	4,759,090	(38,734)	1,936,116	6,656,472	-	6,691,797	737,017	7,428,814
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	12,060,940	4,759,090	(38,734)	1,936,116	6,656,472	-	18,717,412	3,110,266	21,827,678
The Company's shares held by subsidiaries accounted for as treasury shares	-	-	-	-	-	-	-	-	-	(468,721)	(468,721)	468,611	(110)
Cash dividends distributed by subsidiaries	-	183,741	-	-	-	-	-	-	-	-	183,741	247,475	431,216
Difference between consideration and carrying amount of subsidiaries acquired	-	(315,032)	-	-	(170,955)	-	-	-	-	-	(485,987)	(811,801)	(1,297,788)
Share of changes in equity of subsidiaries	-	(78,965)	-	-	(14,129)	-	-	-	-	-	(93,094)	93,094	-
Share-based payments (Note 24)	-	(183)	-	-	-	-	-	-	-	-	(183)	-	(183)
Change in non-controlling interests (Note 30)	-	-	-	-	-	-	-	-	-	-	-	3,201,141	3,201,141
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	39,516	-	(39,516)	-	(39,516)	-	-	-	-
Cash dividends received from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,074,477)	(1,074,477)
BALANCE AT DECEMBER 31, 2022	20,285,505	22,783,377	3,025,798	3,883,805	15,024,018	1,152,771	(59,680)	1,640,060	2,733,151	(4,473,674)	63,261,980	10,635,215	73,897,195
Appropriation of 2022 earnings (Note 24)	-	-	1,191,421	-	(1,191,421)	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	(1,191,421)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(3,819,497)	3,819,497	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(4,868,521)	-	-	-	-	-	(4,868,521)	-	(4,868,521)
Share dividends distributed by the Company	4,057,101	-	-	-	(4,057,101)	-	-	-	-	-	-	-	-
Other changes in capital surplus	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit for the year ended December 31, 2023	-	-	-	-	5,330,802	-	-	-	-	-	5,330,802	1,479,742	6,810,544
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax (Note 24)	-	-	-	-	23,044	137,790	(1,924)	(1,128,863)	(992,997)	-	(969,953)	10,499	(959,454)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	5,353,846	137,790	(1,924)	(1,128,863)	(992,997)	-	4,360,849	1,490,241	5,851,090
Cash dividends distributed by subsidiaries	-	248,425	-	-	-	-	-	-	-	-	248,425	332,283	580,708
Difference between consideration and carrying amount of subsidiaries acquired	-	13,249	-	-	-	-	-	-	-	-	13,249	7,903	21,152
Share of changes in equity of subsidiaries	-	(43,553)	-	-	-	-	-	-	-	87,515	43,962	(91,849)	(47,887)
Share-based payments (Note 24)	-	53	-	-	-	-	-	-	-	-	53	606	659
Change in non-controlling interests (Note 30)	-	-	-	-	-	-	-	-	-	-	-	124,190	124,190
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(441)	-	441	-	441	-	-	-	-
Cash dividends received from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,079,277)	(1,079,277)
BALANCE AT DECEMBER 31, 2023	\$ 24,342,606	\$ 23,001,551	\$ 4,217,219	\$ 64,308	\$ 14,079,877	\$ 1,290,561	\$ (61,163)	\$ 511,197	\$ 1,740,595	\$ (4,386,159)	\$ 63,059,997	\$ 11,419,312	\$ 74,479,309

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

## Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 9,608,340	\$ 19,186,223
Adjustments for:		
Depreciation expenses	2,390,907	2,109,917
Amortization expenses	407,086	350,852
Expected (reversed) credit loss recognized on accounts receivable	(1,552)	4,664
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(226,559)	136,593
Finance costs	1,159,200	1,215,810
Interest income	(286,613)	(86,225)
Dividend income	(400)	(1,197)
Compensation costs of employee share options	659	-
Share of (profit) loss of associates	153,014	311,237
Loss on disposal of property, plant and equipment	15,415	4,759
Property, plant and equipment transferred to expense	-	27,359
Gain on derecognition of disposal groups held for sale	(4,455)	(37,774)
Loss on disposal of associate	-	79,461
Impairment loss on non-financial assets	-	1,662,913
Net loss (gain) on foreign currency exchange	670,717	(723,704)
Gain on bargain purchase and lease modifications	(18)	(111,601)
Changes in operating assets and liabilities		
Notes receivable	(18,553)	(13,207)
Accounts receivable	705,889	532,115
Other receivables	401,885	(330,504)
Other receivables from related parties	-	(6,404)
Inventories	15,965,934	(17,327,388)
Prepayments	(516,570)	640,790
Other current assets	16,628	(3,446)
Contract liabilities	(28,331)	124,752
Notes payable	15,917	(17,770)
Accounts payable	(1,019,051)	562,944
Other payables	(714,932)	1,295,372
Other current liabilities	(312,581)	356,573
Net defined benefit obligation	(32,769)	(36,073)
Cash generated from operations	28,349,207	9,907,041
Income tax paid	(3,086,560)	(5,813,230)
Net cash generated from operating activities	<u>25,262,647</u>	<u>4,093,811</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(50,957)	(296,871)
Proceeds from sale of financial assets at fair value through other comprehensive income	1,298	32,737
Acquisition of financial assets at amortized cost	(1,667,805)	-
Proceeds from sale of financial assets at amortized cost	-	3,899,561
Acquisition of financial assets at fair value through profit or loss	(492,803)	(61,618)
Proceeds from sale of financial assets at fair value through profit or loss	59,221	36,803
Acquisition of investments accounted for using the equity method	-	(330,464)
Acquisition of subsidiaries (net of cash received)	-	202,305

(Continued)

## Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Net cash inflow on disposed of subsidiary	\$ 97,074	\$ -
Payments for property, plant and equipment	(6,102,349)	(4,160,752)
Proceeds from disposal of property, plant and equipment	16,090	72,589
Increase in refundable deposits	(268,784)	(256,869)
Decrease in refundable deposits	187,108	202,362
Acquisition of intangible assets	(23,366)	(50,205)
Proceeds from disposal of intangible assets	-	7,232
Acquisition of investment properties	(1,331)	(1,073,991)
Increase in other non-current assets	(297,150)	(7,414)
Increase in prepayments for equipment	(1,254,586)	(4,272,524)
Increase in prepayments for premises	-	(122,244)
Interest received	264,009	86,213
Dividends received	<u>400</u>	<u>1,197</u>
Net cash used in investing activities	<u>(9,533,931)</u>	<u>(6,091,953)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	84,959,629	48,398,559
Repayments of short-term borrowings	(80,651,911)	(44,832,837)
Proceeds from short-term bills payable	16,773,406	13,404,202
Repayments of short-term bills payable	(17,220,000)	(13,945,000)
Proceeds from long-term borrowings	16,412,491	21,821,677
Repayments of long-term borrowings	(30,696,992)	(13,428,595)
Decrease in payables	(5,971)	(8,438)
Repayment of the principal portion of lease liabilities	(1,082,185)	(1,106,663)
Cash dividends distributed	(4,287,813)	(3,184,023)
Payments for buy-back of ordinary shares	-	(240,761)
Acquisition of ownership interests in subsidiaries	-	(1,297,788)
Disposal of interests in subsidiaries	21,152	-
Interest paid	(993,939)	(1,108,864)
Changes in non-controlling interests	(791,687)	(903,698)
Other financing activities	<u>(31,538)</u>	<u>(73,221)</u>
Net cash generated from (used in) financing activities	<u>(17,595,358)</u>	<u>3,494,550</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>57,126</u>	<u>406,224</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,809,516)</b>	<b>1,902,632</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u><b>11,234,287</b></u>	<u><b>9,331,655</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><b>\$ 9,424,771</b></u>	<u><b>\$ 11,234,287</b></u>

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

(Concluded)

## **INDEPENDENT AUDITORS' REPORT**

### **Opinion**

We have audited the accompanying standalone financial statements of Ta Chen Stainless Pipe Co., Ltd. (the "Company"), which comprise the standalone balance sheets as of December 31, 2023 and 2022, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the standalone financial statements, including material accounting policy information.

In our opinion and based on our and other independent auditor's reports (refer to Other Matter paragraph), the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2023 and 2022, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

The key audit matter of the Company's standalone financial statements for the year ended December 31, 2023 is described as follows:

### Authenticity of Revenue Recognition from Specific Customers

Sales revenue of the Company comes primarily from the sale of goods to specific customers. Since revenue from the specific customers is significant to the financial statements, considering that there is a presumed significant risk in revenue recognition, the authenticity of revenue recognition from the specific customers has been identified as a key audit matter. Refer to Note 4 (n) to the financial statements for the accounting policies on revenue recognition.

The main audit procedures that we performed in regard of the aforementioned key audit matter are as follows:

1. We obtained an understanding of and tested the effectiveness of the design of the relevant internal controls and implementation related to revenue recognition from specific customers.
2. We selected samples and checked the documents and payment status related to the sales revenue of the specific customers to verify the occurrence of the sales.

### **Other Matter**

We did not audit the financial statements of some investees accounted for using the equity method included in the financial statements of the Company, but such statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included herein is based solely on the reports of other auditors. As of December 31, 2023 and 2022, the total investment of these investments accounted for using the equity method was NT\$743,894 thousand and NT\$877,393 thousand, accounting for 0.88% and 1.09%, respectively, of total assets; for the year ended December 31, 2023 and 2022, the amount of the Company's share of comprehensive income of such subsidiaries was NT\$(126,222) thousand and NT\$(245,835) thousand, accounting for (2.89%) and (1.31%), respectively, of the Company's comprehensive income.

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

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the Company's financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone 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 law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chi-Chen Lee and Chao-Chin Yang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 14, 2024

Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying standalone 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 standalone financial statements shall prevail.*

# Ta Chen Stainless Pipe Co., Ltd.

## STANDALONE BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash (Notes 4 and 6)	\$ 3,678,797	4	\$ 5,345,079	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	244,482	-	106,658	-
Financial assets at amortized cost - current (Notes 4, 11 and 31)	2,261,923	3	872,055	1
Notes receivable (Notes 4 and 9)	40,008	-	8,694	-
Accounts receivable, net (Notes 4, 9 and 23)	125,603	-	77,479	-
Accounts receivable from related parties (Notes 4, 9, 23 and 30)	5,861,223	7	7,995,175	10
Other receivables	32,355	-	32,709	-
Other receivables from related parties (Note 30)	3,135,530	4	680,609	1
Inventories (Notes 4 and 10)	2,844,718	4	2,767,406	3
Prepayments (Note 17)	246,840	-	361,197	1
Total current assets	<u>18,471,479</u>	<u>22</u>	<u>18,247,061</u>	<u>23</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	27,152	-	27,152	-
Financial assets at amortized cost - non-current (Notes 4, 11, 30 and 31)	384,596	1	206,000	-
Investment accounted for using the equity method (Notes 4, 12 and 31)	59,084,658	70	55,346,647	69
Property, plant and equipment (Notes 4, 13 and 31)	4,576,860	5	4,577,470	6
Investment properties (Notes 4, 14 and 31)	1,230,971	2	1,118,389	1
Right-of-use assets (Notes 4 and 15)	114,666	-	40,616	-
Other intangible assets (Notes 4 and 16)	26,721	-	-	-
Deferred tax assets (Notes 4 and 25)	320,242	-	443,010	1
Net defined benefit assets - non-current (Notes 4 and 21)	128,539	-	109,260	-
Other non-current assets	127,921	-	242,736	-
Total non-current assets	<u>66,022,326</u>	<u>78</u>	<u>62,111,280</u>	<u>77</u>
<b>TOTAL</b>	<u>\$ 84,493,805</u>	<u>100</u>	<u>\$ 80,358,341</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 18 and 31)	\$ 9,988,603	12	\$ 5,195,579	6
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	21,298	-
Notes payable (Note 19)	105,289	-	78,938	-
Accounts payable (Notes 19 and 30)	123,746	-	107,176	-
Other payables (Note 20)	807,334	1	1,472,692	2
Current tax liabilities (Notes 4 and 25)	516,285	1	428,284	1
Lease liabilities - current (Notes 4 and 15)	50,368	-	14,424	-
Current portion of long-term borrowings (Notes 18 and 31)	492,860	-	7,250,912	9
Other current liabilities	12,683	-	12,957	-
Total current liabilities	<u>12,097,168</u>	<u>14</u>	<u>14,582,260</u>	<u>18</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 18 and 31)	9,214,182	11	2,414,696	3
Deferred tax liabilities (Notes 4 and 25)	54,097	-	63,138	-
Lease liabilities - non-current (Notes 4 and 15)	68,361	-	26,825	-
Other non-current liabilities	-	-	9,442	-
Total non-current liabilities	<u>9,336,640</u>	<u>11</u>	<u>2,514,101</u>	<u>3</u>
Total liabilities	<u>21,433,808</u>	<u>25</u>	<u>17,096,361</u>	<u>21</u>
<b>EQUITY (Note 22)</b>				
Ordinary shares	24,342,606	29	20,285,505	25
Capital surplus	23,001,551	27	22,783,377	28
Retained earnings				
Legal reserve	4,217,219	5	3,025,798	4
Special reserve	64,308	-	3,883,805	5
Unappropriated earnings	14,079,877	17	15,024,018	18
Total retained earnings	<u>18,361,404</u>	<u>22</u>	<u>21,933,621</u>	<u>27</u>
Other equity	1,740,595	2	2,733,151	4
Treasury shares	(4,386,159)	(5)	(4,473,674)	(5)
Total equity	<u>63,059,997</u>	<u>75</u>	<u>63,261,980</u>	<u>79</u>
<b>TOTAL</b>	<u>\$ 84,493,805</u>	<u>100</u>	<u>\$ 80,358,341</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

## Ta Chen Stainless Pipe Co., Ltd.

### STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 30)	\$ 9,545,301	100	\$ 14,587,913	100
OPERATING COSTS (Notes 10, 21, 24 and 30)	<u>7,547,990</u>	<u>79</u>	<u>9,883,202</u>	<u>68</u>
GROSS PROFIT	<u>1,997,311</u>	<u>21</u>	<u>4,704,711</u>	<u>32</u>
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(985,218)	(10)	(1,927,123)	(13)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>1,927,123</u>	<u>20</u>	<u>2,327,693</u>	<u>16</u>
REALIZED GROSS PROFIT	<u>2,939,216</u>	<u>31</u>	<u>5,105,281</u>	<u>35</u>
OPERATING EXPENSES (Notes 21, 24 and 30)				
Selling and marketing expenses	101,019	1	163,345	1
General and administrative expenses	585,754	6	1,957,717	14
Expected credit loss	<u>-</u>	<u>-</u>	<u>6,411</u>	<u>-</u>
Total operating expenses	<u>686,773</u>	<u>7</u>	<u>2,127,473</u>	<u>15</u>
OTHER OPERATING INCOME AND EXPENSES (Note 24)	<u>2,723</u>	<u>-</u>	<u>6,790</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>2,255,166</u>	<u>24</u>	<u>2,984,598</u>	<u>20</u>
NON-OPERATING INCOME AND EXPENSES (Notes 7, 12, 24 and 30)				
Interest income	295,656	3	52,278	-
Other income	32,977	-	12,911	-
Other gains and losses	(4,552)	-	843,294	6
Finance costs	(327,472)	(3)	(196,658)	(1)
Share of profit or loss of subsidiaries	<u>3,731,982</u>	<u>39</u>	<u>9,083,241</u>	<u>62</u>
Total non-operating income and expenses	<u>3,728,591</u>	<u>39</u>	<u>9,795,066</u>	<u>67</u>
PROFIT BEFORE INCOME TAX FOR THE YEAR	5,983,757	63	12,779,664	87
INCOME TAX EXPENSE (Notes 4 and 25)	<u>652,955</u>	<u>7</u>	<u>754,049</u>	<u>5</u>
NET PROFIT FOR THE YEAR	<u>5,330,802</u>	<u>56</u>	<u>12,025,615</u>	<u>82</u>

(Continued)

## Ta Chen Stainless Pipe Co., Ltd.

### STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 470	-	\$ 24,884	-
Share of other equity of subsidiaries	20,744	-	(23,316)	-
Income tax expense (benefit) relating to items that will not be reclassified subsequently	(94)	-	(4,977)	-
	<u>21,120</u>	<u>-</u>	<u>(3,409)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	121,215	1	4,292,166	29
Gain on hedging instruments not subject to basis adjustment	-	-	147,806	1
Share of the other comprehensive loss of subsidiaries	(1,112,288)	(11)	2,255,129	16
Income tax expense (benefit) relating to items that may be reclassified subsequently to profit or loss	-	-	105	-
	<u>(991,073)</u>	<u>(10)</u>	<u>6,695,206</u>	<u>46</u>
Other comprehensive income(loss) for the year, net of income tax	<u>(969,953)</u>	<u>(10)</u>	<u>6,691,797</u>	<u>46</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 4,360,849</u>	<u>46</u>	<u>\$ 18,717,412</u>	<u>128</u>
EARNINGS PER SHARE (New Taiwan dollars; Note 26)				
Basic	<u>\$ 2.30</u>		<u>\$ 5.15</u>	
Diluted	<u>\$ 2.29</u>		<u>\$ 5.12</u>	

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

(Concluded)

## Ta Chen Stainless Pipe Co., Ltd.

STANDALONE STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Retained Earnings					Other Equity					
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements Foreign Operations	Unrealized Gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Total Other Equity	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2022	\$ 20,084,659	\$ 22,993,816	\$ 2,058,958	\$ 2,108,136	\$ 9,668,399	\$ (3,606,319)	\$ 18,570	\$ (296,056)	\$ (3,883,805)	\$ (4,004,953)	\$ 49,025,210
Appropriation of 2021 earnings (Note 22)											
Legal reserve	-	-	966,840	-	(966,840)	-	-	-	-	-	-
Special reserve	-	-	-	1,775,669	(1,775,669)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(3,615,239)	-	-	-	-	-	(3,615,239)
Share dividends distributed by the Company	200,846	-	-	-	(200,846)	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	(1,159)	-	-	-	-	-	(1,159)
Net profit for the year ended December 31, 2022	-	-	-	-	12,025,615	-	-	-	-	-	12,025,615
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax (Note 22)	-	-	-	-	35,325	4,759,090	(38,734)	1,936,116	6,656,472	-	6,691,797
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	12,060,940	4,759,090	(38,734)	1,936,116	6,656,472	-	18,717,412
The Company's shares held by subsidiaries accounted for as treasury shares	-	-	-	-	-	-	-	-	-	(468,721)	(468,721)
Cash dividends distributed by subsidiaries	-	183,741	-	-	-	-	-	-	-	-	183,741
Disposal of company's share by subsidiaries recognized as treasury share transactions	-	(315,032)	-	-	(170,955)	-	-	-	-	-	(485,987)
Changes in percentage of ownership interests in subsidiaries	-	(79,148)	-	-	(14,129)	-	-	-	-	-	(93,277)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	39,516	-	(39,516)	-	(39,516)	-	-
BALANCE AT DECEMBER 31, 2022	20,285,505	22,783,377	3,025,798	3,883,805	15,024,018	1,152,771	(59,680)	1,640,060	2,733,151	(4,473,674)	63,261,980
Appropriation of 2022 earnings (Note 22)											
Legal reserve	-	-	1,191,421	-	(1,191,421)	-	-	-	-	-	-
Special reserve	-	-	-	(3,819,497)	3,819,497	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(4,868,521)	-	-	-	-	-	(4,868,521)
Share dividends distributed by the Company	4,057,101	-	-	-	(4,057,101)	-	-	-	-	-	-
Net profit for the year ended December 31, 2023	-	-	-	-	5,330,802	-	-	-	-	-	5,330,802
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax (Note 22)	-	-	-	-	23,044	137,790	(1,924)	(1,128,863)	(992,997)	-	(969,953)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	5,353,846	137,790	(1,924)	(1,128,863)	(992,997)	-	4,360,849
Cash dividends distributed by subsidiaries	-	248,425	-	-	-	-	-	-	-	-	248,425
Difference between consideration and carrying amount of subsidiaries acquired	-	13,249	-	-	-	-	-	-	-	-	13,249
Changes in percentage of ownership interests in subsidiaries	-	(43,500)	-	-	-	-	-	-	-	87,515	44,015
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(441)	-	441	-	441	-	-
BALANCE AT DECEMBER 31, 2023	\$ 24,342,606	\$ 23,001,551	\$ 4,217,219	\$ 64,308	\$ 14,079,877	\$ 1,290,561	\$ (61,163)	\$ 511,197	\$ 1,740,595	\$ (4,386,159)	\$ 63,059,997

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

# Ta Chen Stainless Pipe Co., Ltd.

## STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income profit before income tax	\$ 5,983,757	\$ 12,779,664
Adjustments for:		
Depreciation expenses	263,930	199,525
Amortization expense	34,671	358
Expected credit loss	-	6,411
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(137,474)	3,808
Finance costs	327,472	196,658
Interest income	(295,656)	(52,278)
Dividend income	(340)	(1,197)
Share of profit of subsidiaries	(3,731,982)	(9,083,241)
Gain on disposal of property, plant and equipment	(2,723)	(6,790)
Impairment loss on non-financial assets	118,011	66,975
Unrealized gain on the transactions with subsidiaries	985,218	1,927,123
Realized gain on transactions with subsidiaries	(1,927,123)	(2,327,693)
Net (gain) loss on foreign currency exchange	301,346	(197,124)
Share of impairment loss of associates accounted for using the equity method	-	67,386
Changes in operating assets and liabilities		
Notes receivable	(31,314)	(4,815)
Accounts receivable	(51,202)	266,018
Accounts receivable to related parties	1,835,684	(1,241,560)
Other receivables	(2,419,924)	(573,619)
Inventories	(166,272)	297,712
Prepayments	85,304	282,728
Net defined benefit assets	(18,809)	(18,322)
Notes payable	18,098	1,260
Accounts payable	16,570	(308,394)
Other payables	(665,925)	(290,614)
Other current liabilities	(274)	(1,962)
Cash generated from operations	521,043	1,988,017
Income tax paid	(451,305)	(719,178)
Net cash generated from operating activities	<u>69,738</u>	<u>1,268,839</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets at fair value through other comprehensive income	-	48,720
Acquisition of financial assets at amortized cost	(1,415,476)	-
Proceeds from the disposal of financial assets at amortized cost	-	4,239,514
Purchase of financial assets at fair value through profit or loss	(80,869)	(61,618)
Proceeds from sale of financial assets at fair value through profit or loss	59,221	36,803
Acquisition of investments accounted for using the equity method	-	(330,464)
Payments for property, plant and equipment	(200,932)	(1,357,292)
Proceeds from disposal of property, plant and equipment	691	68,617
Increase in refundable deposits	(161,781)	(72,684)

(Continued)

## Ta Chen Stainless Pipe Co., Ltd.

### STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Decrease in refundable deposits	\$ 8,793	\$ 76,924
Acquisition of investment properties	(1,331)	(1,053,558)
Payments for intangible assets	(10,423)	-
Increase in prepayments for equipment	(59,694)	(206,667)
Other dividends received	340	1,197
Interest received	273,052	52,266
Dividends received from subsidiaries	<u>844,249</u>	<u>783,226</u>
Net cash generated (used in) investing activities	<u>(744,160)</u>	<u>2,224,984</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	46,941,885	24,400,404
Repayments of short-term borrowings	(42,148,861)	(24,830,802)
Proceeds from short-term bills payable	1,987,135	3,890,880
Repayments of short-term bills payable	(2,100,000)	(4,020,000)
Proceeds from long-term borrowings	12,051,920	7,392,000
Repayments of long-term borrowings	(12,016,102)	(2,395,000)
Repayment of the principal portion of lease liabilities	(40,680)	(15,512)
Dividends paid	(4,868,521)	(3,615,239)
Acquisition of additional interests in subsidiaries	(599,986)	(1,965,337)
Disposal of subsidiaries	7,906	-
Interest paid	<u>(206,556)</u>	<u>(132,905)</u>
Net cash used in financing activities	<u>(991,860)</u>	<u>(1,291,511)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,666,282)	2,202,312
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,345,079</u>	<u>3,142,767</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,678,797</u>	<u>\$ 5,345,079</u>

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

(Concluded)

TA CHEN STAINLESS PIPE CO., LTD.  
Rules and Procedure of Shareholders' Meeting

- A. Ta Chen Stainless Pipe Co., Ltd. (hereinafter referred to as the Company) shareholders' meeting shall be carried out in accordance with these Rules unless otherwise specified.
- B. The term "shareholders" as used in these Rules refers to the shareholders themselves or the representatives entrusted to attend the meeting.
- C. At the the shareholders' meeting, the attending shareholders shall hand in the sign-in card instead of signing in, and the number of attending shares will be calculated according to the sign-in card.
- D. when the meeting time comes, the chairman shall announce the meeting begins. However, if the total shares of the present shareholders are less than half of total issued shares , the chairman may announce the postponement of the meeting. The number of delays shall be less than two times, and the total time of the delay shall not exceed one hour. If the shares held by the present shareholders are still insufficient after the 2 delays, but there are more than one-third of the total issued shares represented, they may make a false resolution in accordance with the provisions of Article of the Company Act.  
Before the end of the meeting, if the number of shares represented by the shareholders has reached more than half of the total issued shares, the chairman may propose the vote on the false resolution in the meeting in accordance with the provisions of Article 174 of the Company Act.
- E. If the shareholders' meeting is convened by the board of directors, the agenda shall be determined by the board of directors. The meeting shall be held according to the scheduled agenda and may not be changed without the resolution of the shareholders' meeting.  
If the shareholders' meeting is convened by other convening rights holders other than the board of directors, the provisions of the preceding paragraph shall apply. Before the first two scheduled proposals are finalized (including motions of any other business), the chairman may not announce the meeting adjourned without a resolution. After the meeting is adjourned by the resolution, the shareholders may not choose another chairman to continue the meeting at the original site or another place.
- F. During the meeting, the chairman may announce the rest time. If a meeting fails to complete the issue, it may be decided by the shareholders' meeting to postpone or renew the meeting within five days and be exempt from notice and announcement.
- G. Before the shareholder's speech, the speech notes must be filled out with keynote, shareholder number (or attendance card number) and the name. The chairman will arrange the speaking order. Shareholders who only fill out a speech note but do not speak are considered to have not spoken. If the content of the speech is inconsistent with the speech note, it shall go by the confirmed speech. When a shareholder speaks, the other shareholders shall not interfere with the speech except with the consent of the chairman and the speaking shareholder, or the chairman may stop the violators.
- H. Each shareholder shall not speak more than two times in the same resolution without the consent of the chairman, and each time may not exceed five minutes. If the attending shareholders' speech violates the provisions of the preceding paragraph, exceeds the scope of the issue, or disturb the order of the meeting, the chairman may stop or suspend his speech. Other shareholders may also request that the chairman do so.
- I. The voting of the proposals, unless otherwise specified by Company Act or Articles of Incorporation of the Company, is passed by the approval of more than half of the voting rights of attending shareholders. At the time of voting, if there is no objection after the chairman requests opinions, it shall be look upon as passed, and its validity shall be the same as the voting. When the chairman violates the rules of procedure and announces the meeting adjourned, a new chairman may be elected by more than half of the voting rights of the present shareholders, and the meeting may continues.
- J. The voting of the proposals, unless otherwise specified by Company Act or Articles of Incorporation of the Company, is passed by the approval of more than half of the voting rights of attend-

ing shareholders. At the time of voting, if there is no objection after the chairman requests opinions, it shall be look upon as passed, and its validity shall be the same as the voting. When the chairman violates the rules of procedure and announces the meeting adjourned, a new chairman may be elected by more than half of the voting rights of the present shareholders, and the meeting may continues.

- K. Shareholders have one vote per share, while shareholders who are restricted or do have voting rights according to the Article 179 of Company Act are not subject to this rule. If a shareholder is entrusted by two or more shareholders at the same time, the voting rights of the representative shall not exceed 3 percent of the voting rights of the total issued shares. If it exceeds, the excess shall not be counted. The voting of the shareholders' meeting shall be based on the shares. Shareholders shall not vote in the event that has their personal interests and is harmful to the interests of the Company. And they may not exercise the voting rights on behalf of other shareholders as well.
- L. The place of the shareholders' meeting shall be at where the headquarters is or a place convenient to shareholders as well as suitable for the shareholders' meeting. The beginning time of the meeting shall not be earlier than 9:00 am or later than 3:00 pm.
- M. If the shareholders' meeting is convened by the board of directors, the chairman of the board shall be the chairman of the meeting. If the chairman of the board is taking leaves or fails to exercise his authority, he shall be represented by the vice chairman. If there is no vice chairman or the vice chairman is absent or unable to exercise his functions as well, the chairman of the board shall designate one of the managing directors to substitute; if there is no managing director, one of the directors shall be designated. If the chairman does not appoint a representative, the managing directors or the directors shall select one from one another other.  
If the shareholders' meeting is convened by other person that has the convening right other than the board of directors, the chairman of the meeting shall be the person having the convening right. When there are more than two convening right holders, one shall be the chairman chose by each other.
- N. The company may appoint attorneys, accountants or related personnel to attend the shareholders' meeting. The attending staff of the shareholders' meeting should wear an identification badge or armband.
- O. During the shareholders' meeting, the Company will record or videotape the whole process and keep it for at least one year.
- P. In addition to the proposals listed in the agenda, shareholders' amendments to the original proposals, alternatives or other motions as any other business shall be seconded by two or more shareholders. So shall the changes to the agenda and the motion for the adjournment of the meeting.
- Q. When there is an amendment or an alternative to the same proposal, the chairman shall decide the order of voting along with the original case. If one of the cases has been passed, the other motions are regarded as vetoed and no further votes are required.
- R. When a legal person is entrusted to attend the shareholder meeting, the legal person can only assign one representative to attend the meeting. When a corporate shareholder appoints two or more representatives to attend the meeting, only one of them may speak on the same motion.
- S. The chairman may personally or designate the relevant personnel to reply the speaking of the attending shareholders.
- T. The staff members in charge of the scrutiny or counting of the proposal votes shall be designated by the chairman and approved by the attending shareholders; the scrutineers shall have the identities of shareholder. The results of the voting shall be reported on the spot and minuted.
- U. The chairman may direct the pickets (or security officers) to help maintain the order of the venue. When the pickets (or security officers) is assisting in maintaining order, they shall wear the badges that read "picket."
- V. When the meeting is in progress, if there are major disasters such as air raid alarms, earthquakes, fires, etc., it should be announced that the meeting suspended at the time of evacuation. One hour after the situation is relieved, the chairman will announce the meeting time.
- W. Items not covered by these rules shall be handled in accordance with the provisions of Company

Act, other relevant regulations and the Articles of Incorporation of the Company.

X. These rules shall be implemented after the shareholders' meeting passes the resolution, which also applies to the amendments.

Y. This operation procedure was approved by the shareholders' meeting on June 25, 2002

First revision was made on March 28, 1996

Second revision was made on April 15, 1998

Third revision was made on June 25, 2002

Fourth revision was made on June 15, 2006

Fifth revision was made on June 22, 2015

## TA CHEN STAINLESS PIPE CO., LTD.

### Articles of Incorporation

#### Chapter 1 General Provisions

Article 1 : This Company is incorporated in accordance with the Company Act and registered under the business name of 大成不銹鋼工業股份有限公司, with the English business name of Ta Chen Stainless Pipe Co., Ltd.

Article 2 : The Company's business is as follows:

ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 : The Headquarters of the Company is located in Tainan City.

#### Chapter 2 Shares

Article 4 : The total amount of this Corporation's capital is NTD 32 billion, which is further divided into 3.2 billion shares, with the value per share NTD 10, and the Board is authorized to issue shares in installments.

Article 5 : The Company's shares are registered with names. The shares are issued after being signed and sealed by the director representing the company and approved by the competent authority or the approved issuing agency.

The registered stock issued by the Company may be issued without printing out the shares.

Article 6 : Changes in the register of shareholders' names shall not be made within 60 days before the annual general meeting, within 30 days before the extraordinary general meeting, or within five days before the base date on which the dividends or other benefits are given by the Company

#### Chapter 3 Shareholders' Meeting

Article 7 : The shares of the company shall be registered with names. The shareholders' names and addresses shall be listed in the shareholder's list, with the shareholder's seal cards deposited to the Company. The same requirement applies to the change. The management of the Company's shareholder services is handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public

Companies” issued by the competent authority.

Article 8 : There are two types of shareholders's meeting, which are annual general meeting and extraordinary general meeting. The annual general meeting is held once a year within 6 months after the end of each fiscal year, while the extraordinary general meeting is held according to relevant regulations if necessary.

Article 9 : Shareholders of the company have one vote per share, except for those restricted by Company Act or other regulations. Shareholders may show the proxy issued by the Company at each shareholder meeting, indicating the limits of authorization, and entrusting an agent to attend the shareholders' meeting. The operations of entrusting others to attend the shareholders' meeting shall be handled in accordance with the provisions of the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” promulgated by the competent authority, in addition to Company Act.

The resolutions of the shareholders' meeting, unless otherwise stipulated by the Company Act, shall be approved by more than half of the shareholders' voting, with the attending shareholders holding more than half of the total shares.

According to the regulations of the competent authority, the Company may exercise its voting rights by electronic means. Shareholders who exercise their voting rights by electronic means are deemed to be present in person, and the related matters are handled in accordance with the regulations.

Article 10 : The shareholders' meeting is chaired by the chairman of the board of directors. If the chairman is on business, he may appoint one of the directors as an agent. If the chairman has not appointed the agent, the chairman of the meeting shall be selected among the directors by one another.

#### Chapter 4 Directors and Supervisors

Article 11 : This Corporation shall appoint 9 to 15 directors (including at least 3 independent directors) with legal capacity, and the term of the director is three years and may be re-elected after the term. The board of directors is empowered to resolve the number of directors.

For the nomination system of director nominees, the directors' election is taken in shareholders' meeting adopting cumulative voting system in accordance with Article 198 of the Company Act. The total amount of registered shares held by all directors of this Company is handled following “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”.

However, when the number of vacancies in the board of directors of a company equals to one third of the total number of directors, the board of directors shall call, within 60 days, a special meeting of shareholders to elect succeeding directors to fill the vacancies, and their term of office shall be extended until the time new directors have been elected and assumed their office.

This Company establishes an audit committee composed of all independent directors which shall not be less than 3 people, including 1 convener and at least 1 person with accounting or finance expertise. Organic regulations of audit committee is otherwise regulated by the board of directors.

This Company's board of directors meeting is called by the chairman. The reasons for calling a board of directors meeting shall be notified to each director and supervisor before the expiration date as set forth by competent securities authorities. In emergency circumstances, however, a meeting may be called on shorter notice. The above notice in respect of convening the meeting shall be done in writing, by electronic email, or by facsimile.

The resolution of the board of directors, unless as otherwise set forth in the Company Act, shall be attended by a majority of all the directors and be approved by a majority of the attending directors. Upon absence of the chairperson, the chairperson shall appoint one of the directors to act as chair, or where the chairperson does not make such a delegation, the directors shall select from among themselves one person to serve as chair. When the chairperson of the board is unable to exercise the powers of chairperson, the chairperson shall appoint one of the managing directors to act.

Article 12 : The board of directors of the Company shall be elected by more than two-thirds of the attending directors and approved by more than half of the directors. Internally, the chairman of the board chairs the shareholders' meeting and the board of directors, while externally the chairman represents the Company.

Article 13 : The board of directors of the Company is convened by the chairman of the board. The convening of board of directors shall list clearly the reasons for the convening and notify all the directors seven days before. However, if there is an emergency, it can be convened at any time. The directors of the Company can be notified of the convening by writing, email or fax.

Unless otherwise specified by the Company Act, the resolutions shall be approved by more than half of the attending directors, and the attending directors shall be more than half of the total directors. If the chairman of the board is unable to attend the board of directors, he may appoint one of the directors as the agent. If the chairman of the board

does not appoint an agent, one of the directors will be elected to be the chairman of the meeting by one another. If the director is unable to attend the board of directors for any reason, the director may entrust other directors to be the agent.

Article 14 : The authority of board of directors is as follows:

1. Approval of business and financial policies.
2. Approval budget and final accounts.
3. Approval important contracts.
4. Approval important articles.
5. Review of the proposals and report of the shareholders' meeting.
6. Disposition of net earnings.
7. Appointment, dismissal and remuneration of accountants.
8. Appointment and dismissal of managers.
9. Implementation of the resolutions of the shareholders' meeting.
10. Other important matters that should be decided by the board of directors.

Article 15 : (Deleted)

Article 16 : The resolution of directors' remuneration is authorized to the board of directors and is made based on the level of the industry.

#### Chapter 5 Managers

Article 17 : The company has one general manager, adhering to the resolution of the board of directors, a number of vice general managers and managers, who assist the general manager in managing business. The appointment, dismissal and remuneration are handled in accordance with Article 29 of the Company Act.

#### Chapter 6 Accounting

Article 18 : The company shall, at the end of the annual fiscal year, submit the following forms to the Audit Committee and the Board of Directors for approval, and forward them to the annual shareholders' meeting for recognition:

1. business report
2. financial statements
3. surplus earnings distribution or loss make-up proposal

Article 18-1 : 3% of the Company's annual net profit before deduction of employee compensation

and directors' remuneration shall be allocated to the employee's remuneration, while no more than 1.5% shall be director's remuneration. However, if the company still has accumulated losses (including adjustment of retained earnings amount), the amount of compensation should be retained in advance.

The employee's remuneration mentioned in the preceding paragraph can be given by shares or cash, and the objects of payment may include the employees of the subordinate companies that meet the conditions set by the board of directors.

Nevertheless, the directors' remuneration can only be paid in cash. The resolution of the previous two items shall be passed by the board of directors and reported to the shareholders' meeting.

Article 19 : If the company's annual final accounts have a net profit after tax, the accumulated losses should be compensated first (including the adjustment of the retained earnings amount), and 10% of the net profit will be allocated to be legal reserve according to the law. except that the legal reserve has reached the Company's paid-in capital. Secondly, special reserve will be allocated according to the law or regulations of competent authority. If there are earnings remained, the resolution of the earnings along with the retained earnings at the beginning of the period (including the adjustment of the retained earnings amount) will be drawn up and forwarded to the shareholders' meeting for distribution of dividends.

The company's dividend policy is based on current and future development plans, considering the investment environment, capital needs and domestic and international competition, and taking into account the interests of shareholders, etc.. No less than 20 % of the annual distributable earnings are allocated as dividends to shareholders; when dividends are distributed to shareholders, they can be cash or shares, with cash dividends are no less than 20% of the total dividends.

Article 20 : The transportation allowances of the Company's directors shall be determined by the board of directors. The salary standard for ordinary employees shall be approved by the general manager and shall be paid regardless of the Company's operating gain or loss.

#### Chapter 7 Supplementary Provisions

Article 21 : The items not listed in the Articles of Incorporation of the Company shall be handled in accordance with the provisions of the Company Act and other relevant regulations.

Article 22 : Based on the regulations, the Company may give endorsement to third parties.

Article 23 : When the Company is a shareholder with limited liabilities of another company, the total investment amount is not subject to Article 13 of Company Act.

Article 24 : If the company buys back the shares and plans to transfers the shares to the employees at an price lower than the average price of the purchase, it shall be approved by more than two-thirds of the shareholders' voting, with the attending shareholders holding more than half of the total shares at the latest shareholders' meeting.

Article 25 : The Articles was laid down on October 31, 1986

First revision was made on December 25, 1986

Second revision was made on May 20, 1987

Third revision was made on September 1, 1988

Fourth revision was made on January 7, 1989

Fifth revision was made on April 16, 1989

Sixth revision was made on October 4, 1989

Seventh revision was made on January 24, 1990

Eighth revision was made on April 20, 1991

Ninth revision was made on February 15, 1992

Tenth revision was made on August 11, 1992

Eleventh revision was made on April 20, 1994

Twelfth revision was made on March 17, 1995

Thirteenth revision was made on March 28, 1996

Fourteenth revision was made on October 18, 1996

Fifteenth revision was made on April 15, 1998

Sixteenth revision was made on April 7, 1999

Seventeenth revision was made on April 18, 2000

Eighteenth revision was made on October 20, 2000

Nineteenth revision was made on June 25, 2002

Twentieth revision was made on June 15, 2004

Twenty-first revision was made on June 14, 2005

Twenty-second revision was made on June 15, 2006

Twenty-third revision was made on June 21, 2007

Twenty-fourth revision was made on June 19, 2008

Twenty-fifth revision was made on June 10, 2009

Twenty-sixth revision was made on June 15, 2010

Twenty-seventh revision was made on June 10, 2011

Twenty-eighth revision was made on June 13, 2012

Twenty-ninth revision was made on June 28, 2013

Thirtieth revision was made on June 12, 2014

(Article 11 of the provisions about the nomination system for candidates has been applicable since the election of directors of the eleventh term.)

Thirty-first revision was made on June 22, 2015

Thirty-second revision was made on June 21, 2016

Thirty-third revision was made on June 19, 2017

Thirty-fourth revision was made on June 8, 2018

Thirty-fifth revision was made on June 18, 2019.

Thirty-sixth amendment was effected on June 22, 2020.

Thirty-seventh amendment was effected on July 15, 2021.

Thirty-eighth amendment was effected on June 20, 2022.

Thirty-nine amendment was effected on June 26, 2023.

Implemented after being approved by the competent authority.

## Shareholdings of All Directors

1. Based on the provisions of Article 26 of Securities and Exchange Act, the Company's directors altogether shall hold a minimum of 73,027,818 shares (3%).
2. The Company has established an audit committee, thus there is no requirement for the number of shares that the supervisors should legally hold.
3. As of April 21, 2024, the shareholdings of individual and all directors as well as supervisors listed in the shareholder list are as follows:

April 21, 2024

Title	Name	Shares Held at Present	
		Number of Shares	Shareholding Ratio
Chairman	Wei-Yi Investment Co., Ltd. Representative : Li-Yun Hsieh	187,753	0.01%
Director	Wise Creation Investment Ltd. Representative : I-Lan Ou	446,361	0.02%
Director	Shi-Hsien Tu	7,691,263	0.32%
Director	Ta Ying Cheng Investment Co., Ltd. Representative : Rung-Kun Shieh	95,101,808	3.91%
Director	Chao-Chin Tsai	4,097,180	0.17%
Director	Yong-Yu Tsai	847,618	0.03%
Director	Erh-Yi Hsieh	1,069,142	0.04%
Director	Linfangjin Charitable Foundation Representative : Mei-Feng Lin	2,666,156	0.11%
Independent Director	Chun-An Hsu	-	-
Independent Director	Ming-Chang Shen	-	-
Independent Director	Kuang-Hsiang Wang	963	-
Independent Director	Kuang-Tzu Wang	-	-

Note: As of the date of the shareholder's transfers, the total number of shares held by all directors was 112,108,244 shares, which conform to the provisions of Article 26 of Securities and Exchange Act.

## Other Information

1. The effect of the proposed issuance of bonus shares on the company's performance, earnings per share and return on shareholders' investment:

The company's shareholder meeting has not proposed issuance of bonus shares and therefore does not apply.

2. Situation of the acceptance of the shareholders' proposal rights at the shareholders' meeting of this year: None.