

Mayer Steel Pipe Corporation

Minutes of 2024 Shareholders' Meeting

Time: 9:00 a.m. (Friday), June 7, 2024.

Venue: No. 83, Sec. 3, Civic Blvd., Zhongshan Dist., Taipei City (Miramar Garden Taipei)

Attendance: Shares represented by attending shareholders and their proxies were 128,040,226 shares (including 116,091,804 shares for those who attended and exercised voting rights electronically), accounting for 57.53% of the Company's total issued shares of 222,526,100 shares.

Directors present: Chairman, Chun-Fa Huang, Director, Ta-Teng Cheng, Director, Yung-Chieh Huang, Director, Yung-Fen Lin, Independent Director, Huang-Chi Liu (Convener of the Audit Committee), Independent Director, Chih-Wei Chang, Independent Director, Shu-Tzu Chen. A total of 7 directors attended the meeting. (More than half of the 9 seats on the Company's board)

Attendees: President, Min-Chi Hsiao, CPA, Chun-Chih Lin, Attorney, Shih-Chang Huang

Chairman: Chairman, Chun-Fa Huang

Minutes taker: Jui-Chun Wang

I. Meeting Called to Order

II. Chairperson Address: omitted

III. Report items

1. Report on the operating status of 2023. (Please refer to page 4-6 of the Minutes of Meeting for details)
2. Audit Committee to review the 2023 final accounts report. (Please refer to page 7 of the Minutes of Meeting for details)
3. Report on 2023 remuneration distribution to employees and directors. (Please refer to page 8 of the Minutes of Meeting for details)
4. Report on the distribution of cash dividends from earnings in 2023. (Please refer to page 8 of the Minutes of Meeting for details)
5. Other report items. (Please refer to page 8-10 of the Minutes of Meeting for details)

IV. Matters of recognition:

Proposal 1: The Company's 2023 settled accounts. (Proposed by the Board of Directors)

Description: The Company's 2023 business report (Please refer to pages 4-6 of the Minutes of Meeting) and financial reports (including parent company only financial report and consolidated financial report, see Appendix 1 on pages 11-35 of the Minutes of Meeting, which were audited by CPAs Chun-Chih Lin and Meng-Ta Wu of Crowe LLP) have been audited by the Audit Committee at the 13th meeting of the 3rd term on March 13, 2024, with an audit report

issued, and approved at the 14th meeting of the 22nd Board of Directors on March 13, 2024.

Resolution: The proposal was approved after the votes were counted from both in-person and electronic voting. The total number of votes in favor was 99,503,131 (including 99,403,131 votes cast electronically); the total number of votes against was 49,814 (including 49,814 votes cast electronically); and the total number of abstentions/undecided votes was 16,738,859 (including 16,638,859 votes cast electronically). The approval rate was 85.56% (based on a total voting right of 116,291,804 votes).

Proposal 2: The Company's 2023 earnings distribution proposal. (Proposed by the Board of Directors)

Description: The proposal for the Company's 2023 earnings distribution was audited by the Audit Committee at the 13th meeting of the 3rd Audit Committee on March 13, 2024, with an audit report issued, and approved at the 14th meeting of the 22nd Board of Directors on March 13, 2023. For the 2023 earnings distribution statement, please refer to Appendix II, p. 36 of this meeting minutes.

Resolution: The proposal was approved after the votes were counted from both in-person and electronic voting. The total number of votes in favor was 99,593,129 (including 99,493,129 votes cast electronically); the total number of votes against was 51,813 (including 51,813 votes cast electronically); and the total number of abstentions/undecided votes was 16,646,862 (including 16,546,862 votes cast electronically). The approval rate was 85.64% (based on a total voting right of 116,291,804 votes).

V. Matters for Discussion:

Proposal 1: Capitalization of earnings by the Company by issuing new shares. (Proposed by the Board of Directors)

Description:

I. In order to meet the needs of future business development, the Company intended to have stock dividends of NT\$445,052,200 in 2023 (the same hereinafter) appropriated to shareholders, and issued new shares at a par value of NT\$10 per share to be divided into 44,505,220 shares, based on the total issued shares of 222,526,100 shares at the time of distribution, and the surplus of 200 shares per 1,000 shares of the stock dividends, for the purpose of strengthening the working capital, operating strength and financial structure. Based on the shareholder registry as of the record date, shareholders must round up their holdings to whole numbers within five days of the transfer's cessation. Any fractional shares that are not rounded up or rounded up to less than one share will be authorized by the chairman to be subscribed to by specific individuals for face value. The rights and obligations associated with the issuance of new shares under this capital increase are identical to those of the original shares.

II. The proposal for capital increase by new share issuance has been submitted to the general shareholders' meeting for approval and approved by the competent authorities, and the board of directors is authorized to set another ex-dividend date for the rights issue. Other factors that affect the number of outstanding shares and cause changes in the shareholder's share distribution ratio, it is proposed to authorize the board of directors to make the necessary adjustments.

III. The Board of Directors is also requested to handle any necessary changes if there are any outstanding issues or changes required due to legal requirements or instructions from the competent authority regarding this capital increase.

Resolution: The proposal was approved after the votes were counted from both in-person and electronic voting. The total number of votes in favor was 99,599,139 (including 99,499,139 votes cast electronically); the total number of votes against was 52,212 (including 52,212 votes cast electronically); and the total number of abstentions/undecided votes was 16,640,453 (including 16,540,453 votes cast electronically). The approval rate was 85.64% (based on a total voting right of 116,291,804 votes).

Proposal 2: Amendment to the Company's Articles of Incorporation. (Proposed by the Board of Directors)

Description: In response to the Company's operation and management, it is proposed to amend some provisions of the Company's Articles of Incorporation. Please refer to Appendix 3, p. 37 of the Meeting Minutes.

Resolution: The motion was approved after the votes were counted from both in-person and electronic voting. The total number of votes in favor was 99,582,138 (including 99,482,138 votes cast electronically); the total number of votes against was 53,558 (including 53,558 votes cast electronically); and the total number of abstentions/undecided votes was 16,656,108 (including 16,556,108 votes cast electronically). The approval rate was 85.63% (based on a total voting right of 116,291,804 votes).

VI. Extraordinary Motions: None.

VII: Adjournment of the meeting: the chairperson declares the meeting adjourned. (9:20 a.m. on the same day)

No questions were raised during the Shareholders' Meeting.

<Business Report in 2023>:

"Business Report"

I. Operational guidelines:

1. In-depth cultivation and promotion of new concepts in the manufacturing service industry.
2. Development of diversified business strategies.
3. To create an organizational climate of dynamism and good communication and coordination.
4. Maintenance and sustainable improvement of the quality assurance system.
5. Continue to promote product upgrades and equipment renovation.
6. Strengthen the cultivation of middle and senior management talents.
7. Promote the sustainable development and management of ESG enterprises.

II. Implementation overview:

The Company has implemented and promoted the concept of manufacturing services for a long time, which has enabled the trust and mutual assistance relationship with customers to be supported, and the supply and demand relationship between customers and the Company has been carefully maintained for a long time, which continues to protect the Company's leading position in the market.

In response to the effective implementation and negotiation of various international tariff and trade agreements, in the face of the international political reality that it is difficult for Taiwan to participate, and the international market will become more unfavorable for competition and development, the Company has a number of corresponding strategies which achieved good results as expected.

As a professional manufacturer of steel pipes of the No. 1 brand in Taiwan, the maintenance of quality assurance and sustainable improvement, as well as the continuous promotion of product upgrades and equipment transformation are necessary means to ensure the leading product quality of Mayer, and are also the active management measures that Mayer is promoting at all times as.

III. Business plan implementation results:

1. The 2023 operating revenue was NT\$6,568,735 thousand (NT\$7,009,437 thousand consolidated), which is equivalent to the 2022 operating revenue of NT\$6,234,974 thousand (NT\$6,624,345 thousand), an increase of approximately 5%.
2. In 2023, the domestic steel industry will be affected by the FED's continuously high interest rate, manufacturers' destocking, China's real estate collapse and other negative impacts, as well as the weak steel prices in the Asian market, causing most domestic steel peers to face losses or profit recessions. However, in the face of such a challenging economic environment, coupled with unfavorable factors such as the reversal and adjustment of raw materials and finished product prices at all levels, the Company's revenue in 2023 will still grow by 5%. With effective inventory control, we can make profits It is an obvious contrarian growth.

IV. Operating income and expenses:

Unit: NTD thousands

Item	2023 (consolidated)	2023 (parent company only)
Net operating revenue	7,009,437	6,568,735
Operating cost	6,169,153	5,860,752
Gross operating profit, net	840,284	707,983
Operating profit	518,950	416,325
Total non-operating income and expenses	802,970	894,605

Item	2023 (consolidated)	2023 (parent company only)
Other income	851,159	831,167
Other gains and losses, net	-83,178	-85,385
Financial cost	-62,106	-48,452
Net share of profit or loss of affiliated companies and joint ventures under equity method	97,095	197,275
Net profit before tax from continuing operations	1,321,920	1,310,930
Net income for the period	1,069,571	1,067,784

Note: The net gross profit includes the realized (unrealized) profit (loss) from sales.

V. Budget implementation:

Unit: NTD thousands

Item	2023 Actual numbers (consolidated)	2023 Actual numbers (parent company only)	2023 Budget (parent company only)	Difference (parent company only)	Fulfillment rate (parent company only)
Net operating revenue	7,009,437	6,568,735	6,708,416	-139,681	97.92
Operating cost	6,169,153	5,860,752	6,058,757	-198,005	96.73
Gross operating profit, net	840,284	707,983	649,659	58,324	108.98
Operating expenses	318,177	288,501	251,750	36,751	114.60
Operating profit	518,950	416,325	397,909	18,416	104.63
Net income before tax	1,321,920	1,310,930	480,977	829,953	272.56

Note: The net gross profit includes the realized (unrealized) profit (loss) from sales.

VI. Profitability analysis:

Item		2023 (consolidated)	2023 (parent company only)
Profitability	Return on assets (%)	15.06%	16.16%
	Return on shareholders' equity (%)	29.39%	29.38%
	EBT to Paid-in capital ratio (%)	59.41%	58.91%
	Net profit margin (%)	15.26%	16.26%
	Earnings per share (NT\$)	4.80	4.80

VII. Research and development status:

1. Equipment

In 2024, our annual work focus is to continue to replace stainless steel pipe-manufacturing units and technology upgrades. After completion, not only will the production capacity of stainless steel pipe-manufacturing equipment be improved, the quality of stainless steel pipe welding technology is also upgraded, providing higher product quality assurance.

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

2. Skills

Research and improvement of the welding skills of medium and low-carbon alloy steel and further improvement of the tensile quality of small-diameter thick-walled inner seam drawn steel pipes are the long-term and ongoing tasks of the Company.

3. Environmental protection

For industrial pollution sources such as sewage, air, noise, etc., we implement operations that comply with environmental protection standards, and continue to make improvements to fulfill the Company's social responsibility.

Chairman: Chun-Fa Huang

Manager: Min-Chi Hsiao
Li

Accounting Manager: Hui-Wen,

<Audit Committee's 2023 Annual Report>:

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 annual business report, financial reports and earnings distribution proposal; the financial reports have been audited by the board of directors appointed by Crowe (TW) CPAs, and has issued the audit report. The above-mentioned business report, financial statements and earnings distribution proposal have been reviewed by the Audit Committee and are found to be in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Please review

Sincerely,

2024 Shareholders' Meeting of the Company

Mayer Steel Pipe Corporation
Audit Committee Convener: Huang-Chi Liu

March 13, 2024

<Report on the 2023 distribution of remunerations to employees and directors>:

- (I) As set forth in the Company Act and the Company's Articles of Incorporation: The Company's profitability in 2023 was audited by the accountants and the amount after audit was used as the basis for calculation. The Company was to allocate 1-5% of the profitability as remuneration in accordance with the Articles of Incorporation to employees in the form of cash in the amount of NT\$56,384,107; 3% of the profitability was to be allocated as remuneration to the directors in the form of cash in the amount of NT\$42,288,081.
- (II) Matters regarding the remuneration to employees and directors were approved, with at least two-thirds of the directors present and a majority of the directors present at the 14th meeting of the 22nd Board of Directors on March 13, 2024.

<Report on 2023 distribution of cash dividends>:

- (I) In accordance with Article 240 of the Company Act and Article 40 of the Company's Articles of Incorporation; the shareholders' dividends in this proposal are distributed in the form of cash and shall be attended by at least two-thirds of the directors of the authorized board of directors; resolutions must be passed by more than half of the directors present at the meeting, and shall be reported to the shareholders' meeting.
- (II) The Company's 2023 earnings after tax audited by the accountants were NT\$1,067,784,438. The total amount of cash dividends available for distribution was NT\$994,971,186. The total amount of cash dividends to be distributed to shareholders was NT\$2.0 per share, with the total amount of cash dividends to shareholders at NT\$445,052,200. Total cash dividend to the shareholders will be rounded off to the nearest dollar. The fraction of a share falling below NT\$1 will be recognized as other income of the Company.
- (III) The motion was approved at the 14th meeting of the 22nd Board of Directors on March 13, 2024. June 18, 2024 was set as the base date for cash dividend distribution (ex-dividend date) and July 5, 2024 as the cash dividend distribution payment date. If the number of outstanding shares is subsequently transferred, converted or cancelled as a result of the Company buying back its shares or other factors that affect the number of outstanding shares, leading to a change in the shareholders' dividend distribution rate, the chairman is authorized to handle the related matters with full rights of making adjustments.

<Other report items>:

- I. Report on endorsements/guarantees and loaning of funds to others by the Company and its subsidiaries (sub-subsidiaries):
 - (I) The balance (limit) of the Company's endorsements and guarantees at the end of 2023:
 - 1. The balance of the endorsement/guarantee provided to Ding-Bang Development Co., Ltd. was NT\$0 thousand.
 - (II) The balance of the Company's endorsements and guarantees at the end of 2023 for subsidiaries (sub-subsidiaries): None.
 - (III) The balance (limit) of the Company's loaning of funds to others at the end of 2023:
 - 1. The balance of the Company's loan to the subsidiary Mayer Corporation Development International Limited was NT\$18,712 thousand.
 - 2. The balance of the Company's loan to Ding-Bang Development Co., Ltd. was NT\$105,650 thousand.
 - (IV) The balance of loans to subsidiaries (sub-subsidiaries) at the end of 2022: None.

II. Report on the remuneration received by the Company's directors in 2023:

(I) Remuneration policy:

The remuneration to directors can be roughly divided into 1. remuneration, 2. directors' remuneration, and 3. business operation expenses.

1. The remuneration is mainly the salaries of directors. In accordance with Article 21 of the Company's Articles of Incorporation, the Board of Directors is authorized to determine their participation in and contribution to the Company's operations, and refer to the Directors' performance evaluation regulations for regular evaluation items: understanding of company goals and missions, participation in company operations, internal relationship management and communication, and contribution of professional expertise.
2. The remuneration to Directors is distributed in accordance with Article 40 of the Articles of Incorporation of the Company. If there is profit in the year, no more than 3% of the remuneration shall be set aside as remuneration to directors. Therefore, it is highly correlated with the operating performance of the Company.
3. Business execution expenses are mainly transportation expenses.

(II) Details and amount of individual remuneration: (remuneration to general directors and independent directors) (Unit: NT\$ thousands)

Title	Name	Remuneration of Directors								Remuneration received from reinvested businesses or the parent company other than subsidiaries
		Remuneration		Retirement pension		Remuneration of Directors		Service execution expenses		
		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	
	Yuan Chuan Steel Co., Ltd.	0	0	0	0	30,206	30,206	0	0	None
Chairman	Representative: Chun-Fa Huang	1,800	1,800	0	0	0	0	180	180	3,471
Director	" : Huang, Hsiu-Mei	0	0	0	0	0	0	160	160	None
Director	" : Chun-Chao Huang	0	0	0	0	0	0	180	180	240
Director	" : Yung-Chieh Huang	0	0	0	0	0	0	140	140	60
	Cheng-Ta International Investment Co., Ltd.	0	0	0	0	12,082	12,082	0	0	None
Director	Representative: Cheng, Ta-Teng	1,080	1,080	0	0	0	0	180	180	None
Director	" : Yung-Fen Lin	0	0	0	0	0	0	180	180	None
Independent Director	Huang-Chi Liu	720	720	0	0	0	0	180	180	None
Independent Director	Chih-Wei Chang	720	720	0	0	0	0	180	180	None
Independent Director	Chen, Shu-Tzu (by-elected on June 7, 2023)	408	408	0	0	0	0	100	100	None

Note: None of the Company's Directors served as employees concurrently, so there was no remuneration received by the Company's Directors.

(III) Correlation with performance evaluation results:

1. 2023 (1) internal performance evaluation of the Board of Directors was conducted by the Secretary of the Board of Directors and related affairs units. The performance evaluation aspects included "participation in the Company's operations," "improvement of the quality of decision-making," "continuing education of directors," and "internal control," with a total of 45 evaluation items; (2) Performance evaluation of functional committees and board members using internal self-evaluation questionnaires. 23 items were self-evaluated by the Board members; 22 items were evaluated by the Audit Committee; 19 items were evaluated by the Remuneration Committee. The results of the performance evaluation of the Board of Directors: the score of the Board of Directors is 4.53 points, the average score of the self-evaluation of the directors is 4.80, the score of the self-evaluation of the Audit Committee is 4.96 points, the score of the Remuneration Committee self-evaluation is 4.94 points, all of which are rated as "Excellent". The remuneration to the directors is determined by taking into account the performance evaluation results, as well as the usual standards of the industry.
2. The evaluation results mentioned above were reported to the meeting of the Board of Directors in March 13, 2024. Based on the evaluation results, the Board of Directors will continue to strengthen the functions of the functional committee, the salary and remuneration of individual directors and the nomination for reappointment of the directors.



"Appendix 1"

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

Mayer Steel Pipe Corporation

Opinion

We have audited the accompanying parent company only financial statements of Mayer Steel Pipe Corporation (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis of opinion

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

Key Audit Matters



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

Key audit matters from the Company's parent company only financial statements for the year ended December 31, 2023 are stated as follows:

Valuation of inventory

As of December 31, 2023, the inventory - manufacturing net amount of the Company is NT\$1,034,411 thousand (after deducting allowance for inventory valuation, obsolescence losses, and idled losses of NT\$26,817 thousand). Please refer to Notes 5 and 6 (8) for the financial statements. The inventory valuation of the Company are affected by international steel price and market fluctuations, possibly resulting in slow-moving inventory and subsequent obsolescence losses. The Company's accounting policies for reporting allowance for inventory valuation and obsolescence losses are based on information on the age of inventory, which comes from management's evaluation of the expected net realizable value of each product based on inventory sales and purchase price to determine the value of normal quality inventory by the lower cost and net realizable value and report allowances for valuation loss. Because such evaluation involves major judgments from management and the inventory's book value is such a major part of financial statements, we have listed inventory valuation as a key audit matters. Our primary auditing procedure for the aforementioned item is as follows:

1. Understand and evaluate the design and effectiveness of the Company's internal inventory control system, including the accuracy of reported age of inventory.
2. Evaluate the age of inventory at the end of the year and take samples to verify the accuracy of reported age of inventory.
3. Verify that basic assumptions made in the calculation of net realizable values are sound.
4. Conduct inventory sampling at the end of the year to confirm and evaluate whether the inventory is out of date or damaged.

Valuation of financial assets

As of December 31, 2023, the Company's non-current financial assets at fair value through profit or loss, non-current financial assets at fair value through other comprehensive income, and net investment accounted under the equity method totals NT\$1,969,512 thousand. Please refer to Notes 5 and 6 (2), (3), and (12). The Company assess their fair value and report their financial asset (losses) income at fair value, unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income, and shares of income of affiliated companies and joint ventures accounted under the equity method. These assessments are made by management based on assessment reports by professional appraisal companies and the net equity value and current gains/losses of affiliated companies. The management evaluates increases and decreases in book value to recognize the shares of investees' income, then evaluate whether there are any objective evidence of impairment to determine any impairment amount. Because book value is significant to the parent company only financial statements, we have listed non-current financial asset at fair value through other comprehensive income, non-current financial assets at fair value through other comprehensive income, and net investment amount recognized under the equity method as key audit matters. Our primary auditing procedure for the aforementioned item is as follows:

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

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

Other Matters

We did not audit the financial statements of certain companies in which the Company has investments accounted for using the equity method. Those financial statements were audited by other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included based solely on the reports of Investments in these associates amounted to NT\$374,411 thousand and NT\$387,506 thousand, representing 5% and 6% of the total assets as of December 31, 2023 and 2022 respectively, and the share of profit of these associates accounted for using equity method amounted to NT\$57,509 thousand and NT\$71,624 thousand, representing 4% and 22% of total income before income tax for the years then ended, respectively. In addition, the share of other comprehensive income of these associates accounted for using equity method amounted to (NT\$ 5,782) thousand and NT\$14,822 thousand, representing (31%) and 19% of total comprehensive income for the years then ended, respectively.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is

necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless



management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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



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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements 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 audit resulting in this independent auditors' report are Chun-Chih Lin and Meng-Ta Wu.

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

March 13, 2024

Notice to Readers

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

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

Mayer Steel Pipe Corporation

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

Assets	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Current assets :				
Cash and cash equivalents (Note 6)	\$ 497,533	7	\$ 517,629	8
Financial assets at fair value through profit or loss-current (Note 6)	108,760	2	27,336	-
Financial assets at fair value through other comprehensive income-current (Note 6)	27,722	1	9,720	-
Financial assets at amortised cost-current (Note 6)	287,500	4	-	-
Notes receivable, net (Note 6)	27,564	1	68,417	1
Accounts receivable, net (Note 6)	435,791	6	413,961	6
Accounts receivable from related parties, net (Note 6 and 7)	9,369	-	14,264	-
Finance lease receivable, net (Note 6 and 8)	1,218	-	1,118	-
Other receivables (Note 6)	16,541	-	140,857	2
Other receivables from related parties (Note 7)	128	-	-	-
Inventories (manufacturing business) (Note 6)	1,034,411	15	1,063,353	16
Inventories (for construction business) (Note 6,7 and 8)	703,192	10	421,258	6
Prepayments (Note 6)	16,521	-	132,547	2
Other current assets (Note 6 and 8)	420,560	6	520,748	8
Total current assets	3,586,810	52	3,331,208	49
Non-current assets :				
Financial assets at fair value through profit or loss-non-current (Note 6)	266,402	4	310,522	5
Financial assets at fair value through other comprehensive income-non-current (Note 6)	77,106	1	77,100	1
Investments accounted for using equity method (Note 6 and 7)	1,626,004	24	1,537,172	23
Property, plant and equipment (Note 6 and 8)	919,038	13	845,135	12
Right-of-use assets (Note 6)	21,337	-	33,740	1
Investment property (Note 6 and 8)	141,768	2	144,702	2
Intangible assets	679	-	6,082	-
Deferred tax assets (Note 6)	12,976	-	21,733	-
Net defined benefit asset, non-current(Note 6)	874	-	-	-
Other non-current assets (Note 6, 7 and 8)	251,904	4	486,707	7
Total non-current assets	3,318,088	48	3,462,893	51
Total assets	\$ 6,904,898	100	\$ 6,794,101	100
Liabilities and equity				
Current liabilities :				
Short-term loans (Note 6 and 8)	\$ 1,669,311	24	\$ 2,534,979	37
Short-term notes and bills payable (Note 6 and 8)	-	-	36,985	1
Contract liabilities-current (Note 6 and 7)	5,416	-	74,827	1
Notes payable	145,261	2	257,552	4
Accounts payable	76,503	1	23,736	-
Accounts payable to related parties (Note 7)	105	-	120	-
Other payables	189,666	3	112,882	2
Current tax liabilities	282,536	4	132,438	2
Lease liabilities-current (Note 6)	11,940	-	14,988	-
Long-term liabilities, current portion (Note 6 and 8)	2,793	-	2,755	-
Other current liabilities, others	31,845	1	7,198	-
Total current liabilities	2,415,376	35	3,198,460	47
Non-current liabilities :				
Long-term loans (Note 6 and 8)	14,641	-	17,417	-
Provisions-non-current (Note 6 and 9)	81,371	1	34,191	1
Current tax liabilities, non-current (Note 6)	50,488	1	53,542	1
Deferred income tax liabilities (Note 6)	179,741	3	178,779	3
Lease liabilities-non-current (Note 6)	9,444	-	19,172	-
Net defined benefit liability, non-current(Note 6)	-	-	592	-
Other non-current liabilities, others(Note 6)	86,874	1	89,021	1
Total non-current liabilities	422,559	6	392,714	6
Total liabilities	2,837,935	41	3,591,174	53
Equity :				
Capital stock (Note 6)	2,225,261	32	2,225,261	33
Capital surplus(Note 6)	281,622	4	281,622	4
Retained earnings(Note 6)				
Legal reserve	328,919	5	311,875	4
Special reserve	102,504	1	102,504	2
Unappropriated retained earnings	1,101,819	16	272,908	4
Total retained earnings	1,533,242	22	687,287	10
Other equity interest(Note 6)	26,838	1	8,757	-
Total equity	4,066,963	59	3,202,927	47
Total liabilities and equity	\$ 6,904,898	100	\$ 6,794,101	100

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

Mayer Steel Pipe Corporation

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2023 and 2022

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

	2023		2022	
	Amount	%	Amount	%
Operating revenue (Note 6 and 7)	\$ 6,568,735	100	\$ 6,234,974	100
Operating costs (Note 6 and 7)	(5,860,752)	(89)	(5,841,941)	(94)
Gross profit from operations	707,983	11	393,033	6
Unrealized profit (loss) from sales	(5,494)	-	(2,337)	-
Realized profit (loss) on from sales	2,337	-	2,039	-
Gross profit from operations	704,826	11	392,735	6
Operating expenses (Note 6 and 7)				
Selling expenses	(98,524)	(1)	(81,153)	(1)
Administrative expenses	(189,167)	(3)	(137,664)	(2)
Expected credit loss (reversal)	(810)	-	61,161	1
Total operating expenses	(288,501)	(4)	(157,656)	(2)
Net operating income	416,325	7	235,079	4
Non-operating income and expenses				
Interest income (Note 6)	22,957	-	69,602	1
Other income (Note 6 and 7)	808,210	12	155,772	3
Other gains and losses, net (Note 6)	(85,385)	(1)	(168,341)	(3)
Finance costs, net (Note 6)	(48,452)	(1)	(42,083)	(1)
Share of profits of subsidiaries and associates (Note 6)	197,275	3	81,161	1
Total non-operating income and expenses	894,605	13	96,111	1
Profit (loss) from continuing operations before tax	1,310,930	20	331,190	5
Income tax expense (Note 6)	(243,146)	(4)	(64,558)	(1)
Net Income	1,067,784	16	266,632	4
Other comprehensive income (loss)				
Remeasurement of defined benefit obligation (Note 6)	697	-	(2,340)	-
Unrealised gains (losses) on investments in equity instruments at fair value through other comprehensive income (Note 6)	26,847	-	54,834	1
Share of other comprehensive gain (loss) of subsidiaries and associates	91	-	(7,464)	-
— Items that will not be reclassified to profit or loss (Note 6)				
Items that will not be reclassified to profit or loss	27,635	-	45,030	1
Share of other comprehensive gain (loss) of subsidiaries and associates	(11,071)	-	40,171	1
— Items that may be reclassified subsequently to profit or loss (Note 6)				
Other comprehensive loss for the year, net of income tax (Note 6)	2,214	-	(8,034)	-
Items that will be reclassified to profit or loss	(8,857)	-	32,137	1
Other comprehensive income, net	18,778	-	77,167	2
Total comprehensive income	\$ 1,086,562	17	\$ 343,799	6
Basic earnings per share (Note 6)	\$ 4.80		\$ 1.20	

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

Mayer Steel Pipe Corporation

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

	Retained Earnings						Others			Total Equity
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Foreign Currency Translation Reserve	Unrealized Gain(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	
Balance, January 1, 2022	\$ 2,225,261	\$ 281,622	\$ 236,689	\$ 179,392	\$ 768,342	\$ 1,184,423	\$ (49,777)	\$ (20,717)	\$ (70,494)	\$ 3,620,812
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	75,186	-	(75,186)	-	-	-	-	-
Cash dividends	-	-	-	-	(667,578)	(667,578)	-	-	-	(667,578)
Reversal of special reserve	-	-	-	(76,888)	76,888	-	-	-	-	-
Net income in 2022	-	-	-	-	266,632	266,632	-	-	-	266,632
Other comprehensive income (loss) in 2020, net of income tax	-	-	-	-	(2,340)	(2,340)	32,137	47,370	79,507	77,167
Total comprehensive income (loss) in 2022	-	-	-	-	264,292	264,292	32,137	47,370	79,507	343,799
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(93,850)	(93,850)	-	(256)	(256)	(94,106)
Balance, December 31, 2022	2,225,261	281,622	311,875	102,504	272,908	687,287	(17,640)	26,397	8,757	3,202,927
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	17,044	-	(17,044)	-	-	-	-	-
Cash dividends	-	-	-	-	(222,526)	(222,526)	-	-	-	(222,526)
Net income in 2023	-	-	-	-	1,067,784	1,067,784	-	-	-	1,067,784
Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	697	697	(8,857)	26,938	18,081	18,778
Total comprehensive income (loss) in 2023	-	-	-	-	1,068,481	1,068,481	(8,857)	26,938	18,081	1,086,562
Balance, December 31, 2023	\$ 2,225,261	\$ 281,622	\$ 328,919	\$ 102,504	\$ 1,101,819	\$ 1,533,242	\$ (26,497)	\$ 53,335	\$ 26,838	\$ 4,066,963

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

Mayer Steel Pipe Corporation

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities		
Profit (loss) before tax	\$ 1,310,930	\$ 331,190
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	63,027	70,638
Amortization expense	8,734	8,345
Expected credit loss (gain)	810	(61,161)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(1,865)	300,619
Interest expense	48,452	42,083
Interest income	(22,957)	(69,602)
Dividend income	(36,434)	(35,300)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(197,275)	(81,161)
Loss (gain) on disposal of property, plan and equipment	381	1,320
Loss (gain) on disposal of investments	36,574	(122,651)
Other adjustments to reconcile profit (loss)	3,529	(2)
Total adjustments to reconcile profit (loss)	(97,024)	53,128
Changes in operating assets and liabilities		
Financial assets mandatorily measured at fair value through profit or loss	20,962	232,388
Notes receivable	40,853	23,513
Accounts receivable	(21,762)	(46,461)
Accounts receivable from related parties	4,895	22,801
Other receivable	93,697	56,668
Other receivable from related parties	(128)	10
Inventories	(252,992)	487,007
Prepayments	116,026	10,466
Other current assets	57,574	4,109
Total changes in operating assets	59,125	790,501
Contract liabilities	(69,411)	14,140
Notes payable	(112,291)	(89,349)
Accounts payable	52,767	(39,772)
Accounts payable to related parties	(15)	(6)
Other payable	77,467	(65,636)
Provisions	47,180	(4,473)
Other current liabilities	24,647	108
Net defined benefit liability	(769)	(30,957)
Total changes in operating liabilities	19,575	(215,945)
Total changes in operating assets and liabilities	78,700	574,556
Total adjustments	(18,324)	627,684
Cash inflow (outflow) generated from operations	1,292,606	958,874
Interest received	52,696	50,337
Dividends received	131,593	195,190
Interest paid	(48,506)	(40,819)
Income taxes refund (paid)	(84,169)	(49,777)
Net cash generated by (used in) operating activities	1,344,220	1,113,805

(Continued)

	2023	2022
Cash flows from investing activities :		
Acquisition of financial assets at fair value through other comprehensive income	(41,520)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	80,819
Proceeds from return of capital of financial assets at fair value through other comprehensive income	-	10,407
Acquisition of financial assets at amortized cost	(287,500)	-
Acquisition of investments accounted for using equity method	-	(30,000)
Proceeds from capital reduction of investments accounted for using equity method	-	15,000
Acquisition of property, plant and equipment	(119,148)	(88,456)
Proceeds from disposal of property, plant and equipment	57	403
Increase in refundable deposits	-	(258,071)
Decrease in refundable deposits	236,627	-
Acquisition of intangible assets	(160)	(5,837)
Decrease in long-term lease and installment receivables	795	805
Increase in other non-current assets	(6,390)	(11,447)
Increase in prepayments for business facilities	(3,360)	-
Decrease in prepayments for business facilities	-	399
Other investing activities	3,157	298
Net cash generated by (used in) investing activities	(217,442)	(285,680)
Cash flows from financing activities :		
Decrease in short-term loans	(865,668)	(98,464)
Increase in short-term notes and bills payable	-	7,027
Decrease in short-term notes and bills payable	(36,985)	-
Repayments of long-term loans	(2,738)	(2,730)
Decrease in guarantee deposits received	(3,000)	(300)
Payments of the principal portion of lease liabilities	(15,957)	(16,504)
Cash dividends paid	(222,526)	(667,578)
Net cash generated by (used in) financing activities	(1,146,874)	(778,549)
Net increase (decrease) in cash and cash equivalents	(20,096)	49,576
Cash and cash equivalents, beginning of year	517,629	468,053
Cash and cash equivalents, end of year	\$ 497,533	\$ 517,629

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

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Mayer Steel Pipe Corporation as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Mayer Steel Pipe Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Mayer Steel Pipe Corporation

By

Chun-Fa Huang
Chairman

March 13, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

Mayer Steel Pipe Corporation

Opinion

We have audited the accompanying consolidated financial statements of Mayer Steel Pipe Corporation and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 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 the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis of opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the 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.

Key audit matters from the Group's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

Valuation of inventory

As of December 31, 2023, the inventory - manufacturing net amount of Mayer Steel Pipe Corporation and subsidiaries is NT\$1,093,858 thousand (after deducting allowance for inventory valuation, obsolescence losses, and idled losses of NT\$27,189 thousand). Please refer to Notes 5 and 6 (8) for the consolidated financial statements. The inventory valuation of the Group are affected by international steel price and market fluctuations, possibly resulting in slow-moving inventory and subsequent obsolescence losses. The Group's accounting policies for reporting allowance for inventory valuation and obsolescence losses are based on information on the age of inventory, which comes from management's evaluation of the expected net realizable value of each product based on inventory sales and purchase price to determine the value of normal quality inventory by the lower cost and net realizable value and report allowances for valuation loss. Because such evaluation involves major judgments from management and the inventory's book value is such a major part of consolidated financial statements, we have listed inventory valuation as a key audit matters. Our primary auditing procedure for the aforementioned item is as follows:

1. Understand and evaluate the design and effectiveness of the Group's internal inventory control system, including the accuracy of reported age of inventory.

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

Valuation of financial assets

As of December 31, 2023, the Group's non-current financial assets at fair value through profit or loss, non-current financial assets at fair value through other comprehensive income, and net investment accounted under the equity method totals NT\$1,004,572 thousand. Please refer to Notes 5 and 6 (2), (3), and (12). The Group assess their fair value and report their financial asset (losses) income at fair value, unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income, and shares of income of affiliated companies and joint ventures accounted under the equity method. These assessments are made by management based on assessment reports by professional appraisal companies and the net equity value and current gains/losses of affiliated companies. The management evaluates increases and decreases in book value to recognize the shares of investees' income, then evaluate whether there are any objective evidence of impairment to determine any impairment amount. Because book value is significant to the consolidated financial statements, we have listed non-current financial asset at fair value through other comprehensive income, non-current financial assets at fair value through other comprehensive income, and net investment amount recognized under the equity method as key audit matters. Our primary auditing procedure for the aforementioned item is as follows:

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

through other comprehensive income, and shares of profits and losses of affiliated companies and joint ventures recognized under the equity method.

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

Other Matters

We did not audit the financial statements of certain Those financial statements were audited by other independent accountants, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included in the consolidated financial statements was based solely on the reports of other independent accountants. Investments in these associates amounted to NT\$374,411 thousand and NT\$387,506 thousand, representing both 5% of the consolidated total assets as of December 31, 2023 and 2022 respectively. the share of profit of these associates accounted for using equity method amounted to NT\$57,509 thousand and NT\$71,624 thousand, representing 4%and 21% of total consolidated income before income tax for the years then ended, respectively. In addition, the share of other comprehensive income of these associates accounted for using equity method amounted to (NT\$5,782) thousand and NT\$14,822 thousand, representing (31%) and 19% of total consolidated comprehensive income for the years then ended, respectively.

We have also audited the parent company only financial statements of Mayer Steel Pipe Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of

consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our auditor opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant 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 audit resulting in this independent auditors' report are Chun-Chih Lin and Meng-Ta Wu.

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

March 13, 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 accepted and applied in the Republic of China.

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

Mayer Steel Pipe Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS

December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Assets				
Current assets :				
Cash and cash equivalents (Note 6)	\$ 659,456	9	\$ 628,926	9
Financial assets at fair value through profit or loss-current (Note 6)	124,048	2	27,336	1
Financial assets at fair value through other comprehensive income-current (Note 6)	27,722	-	9,720	-
Financial assets at amortised cost-current (Note 6)	370,085	5	19,580	-
Notes receivable, net (Note 6)	27,564	-	68,417	1
Accounts receivable, net (Note 6)	490,753	7	471,619	6
Accounts receivable from related parties, net (Note 6 and 7)	9,369	-	15,103	-
Finance lease receivable, net (Note 6 and 8)	1,218	-	1,118	-
Other receivables (Note 6)	21,305	-	141,634	2
Other receivables from related parties (Note 7)	98	-	-	-
Current tax assets	84	-	57	-
Inventories (manufacturing business) (Note 6)	1,093,858	15	1,124,247	15
Inventories (for construction business) (Note 6、7 and 8)	1,181,454	16	898,507	12
Prepayments (Note 6)	23,662	-	144,593	2
Other current assets (Note 6 and 8)	447,188	6	520,748	7
Total current assets	4,477,864	60	4,071,605	55
Non-current assets :				
Financial assets at fair value through profit or loss-non-current (Note 6)	266,402	3	310,522	4
Financial assets at fair value through other comprehensive income-non-current (Note 6)	136,198	2	136,101	2
Investments accounted for using equity method (Note 6 and 7)	601,972	8	605,986	8
Property, plant and equipment (Note 6 and 8)	1,063,611	14	1,016,695	14
Right-of-use assets (Note 6)	502,447	7	564,098	8
Investment property (Note 6 and 8)	141,768	2	144,702	2
Intangible assets	2,637	-	8,151	-
Deferred tax assets (Note 6)	13,003	-	21,764	-
Net defined benefit asset, non-current (Note 6)	874	-	-	-
Other non-current assets (Note 6, 7, 8 and 9)	273,323	4	506,445	7
Total non-current assets	3,002,235	40	3,314,464	45
Total assets	\$ 7,480,099	100	\$ 7,386,069	100
Liabilities and equity				
Current liabilities :				
Short-term loans (Note 6 and 8)	\$ 1,691,943	23	\$ 2,534,979	34
Short-term notes and bills payable (Note 6 and 8)	-	-	36,985	1
Contract liabilities-current (Note 6 and 7)	6,199	-	75,139	1
Notes payable	145,750	2	257,672	3
Accounts payable	84,283	1	33,822	-
Accounts payable to related parties (Note 7)	105	-	120	-
Other payables	202,418	3	122,886	2
Other payables to related parties (Note 7)	13	-	282	-
Current tax liabilities	286,368	4	136,441	2
Lease liabilities-current (Note 6)	55,444	1	56,985	1
Long-term liabilities, current portion (Note 6 and 8)	2,793	-	2,755	-
Other current liabilities, others	31,944	-	7,302	-
Total current liabilities	2,507,260	34	3,265,368	44
Non-current liabilities :				
Long-term loans (Note 6 and 8)	14,641	-	17,417	-
Provisions-non-current (Note 6 and 9)	81,371	1	34,191	1
Current tax liabilities, non-current (Note 6)	50,488	1	53,542	1
Deferred income tax liabilities (Note 6)	179,741	3	178,779	3
Lease liabilities-non-current (Note 6)	477,521	6	530,753	7
Net defined benefit liability, non-current (Note 6)	-	-	592	-
Other non-current liabilities, others (Note 6)	96,714	1	98,861	1
Total non-current liabilities	900,476	12	914,135	13
Total liabilities	3,407,736	46	4,179,503	57
Equity attributable to owners of parent				
Capital stock (Note 6)	2,225,261	30	2,225,261	30
Capital surplus (Note 6)	281,622	4	281,622	4
Retained earnings (Note 6)				
Legal reserve	328,919	4	311,875	4
Special reserve	102,504	1	102,504	1
Unappropriated retained earnings	1,101,819	15	272,908	4
Total retained earnings	1,533,242	20	687,287	9
Other equity interest (Note 6)	26,838	-	8,757	-
Total equity attributable to owners of parent	4,066,963	54	3,202,927	43
Non-controlling interests (Note 6)	5,400	-	3,639	-
Total equity	4,072,363	54	3,206,566	43
Total liabilities and equity	\$ 7,480,099	100	\$ 7,386,069	100

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

Mayer Steel Pipe Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2023 and 2022

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

	2023		2022	
	Amount	%	Amount	%
Operating revenue (Note 6, 7 and 14)	\$ 7,009,437	100	\$ 6,624,345	100
Operating costs (Note 6 and 7)	(6,169,153)	(88)	(6,199,928)	(94)
Gross profit from operations	840,284	12	424,417	6
Unrealized profit (loss) from sales	(5,494)	-	(2,337)	-
Realized profit (loss) on from sales	2,337	-	2,039	-
Gross profit from operations	837,127	12	424,119	6
Operating expenses (Note 6 and 7)				
Selling expenses	(123,269)	(2)	(97,051)	(1)
Administrative expenses	(210,988)	(3)	(157,677)	(2)
Expected credit loss (reversal)	16,080	-	61,161	1
Total operating expenses	(318,177)	(5)	(193,567)	(3)
Net operating income	518,950	7	230,552	3
Non-operating income and expenses				
Interest income (Note 6)	31,649	-	73,065	1
Other income (Note 6 and 7)	819,510	12	158,456	2
Other gains and losses, net (Note 6)	(83,178)	(1)	(168,371)	(3)
Finance costs, net (Note 6)	(62,106)	(1)	(56,745)	(1)
Share of profits of subsidiaries and associates (Note 6 and 14)	97,095	1	102,033	2
Total non-operating income and expenses	802,970	11	108,438	1
Profit (loss) from continuing operations before tax	1,321,920	18	338,990	4
Income tax expense (Note 6 and 14)	(252,349)	(4)	(72,358)	(1)
Net Income	1,069,571	14	266,632	3
Other comprehensive income (loss)				
Remeasurement of defined benefit obligation (Note 6)	697	-	(2,340)	-
Unrealised gains (losses) on investments in equity instruments at fair value through other comprehensive income (Note 6)	26,938	-	47,370	1
Items that will not be reclassified to profit or loss	27,635	-	45,030	1
Exchange differences on translation (Note 6)	(7,212)	-	17,192	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss (Note 6)	(3,885)	(1)	23,141	(1)
Other comprehensive loss for the year, net of income tax (Note 6)	2,214	-	(8,034)	-
Items that will be reclassified to profit or loss	(8,883)	(1)	32,299	(1)
Other comprehensive income, net	18,752	(1)	77,329	-
Total comprehensive income	\$ 1,088,323	13	\$ 343,961	3
Net Income attributable to:				
Shareholders of the parent	\$ 1,067,784	15	\$ 266,632	4
Non-controlling interests	1,787	-	-	-
	\$ 1,069,571	15	\$ 266,632	4
Total comprehensive income attributable to:				
Shareholders of the parent	\$ 1,086,562	16	\$ 343,799	5
Non-controlling interests	1,761	-	162	-
	\$ 1,088,323	16	\$ 343,961	5
Basic earnings per share (Note 6)	\$ 4.80		\$ 1.20	

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

Mayer Steel Pipe Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

	Statement of Financial Position as at December 31, 2023											
	Retained Earnings						Others					
	Common Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Foreign Translation	Currency Reserve	Unrealized Gain(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total	Non-controlling Interests
Balance, January 1, 2022	\$ 2,225,261	\$ 281,622	\$ 236,689	\$ 179,392	\$ 768,342	\$ 1,184,423	\$ (49,777)	\$ (20,717)	\$ (70,494)	\$ 3,620,812	\$ 3,477	\$ 3,624,289
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	75,186	-	(75,186)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(667,578)	(667,578)	-	-	-	(667,578)	-	(667,578)
Reversal of special reserve	-	-	-	(76,888)	76,888	-	-	-	-	-	-	-
Net income in 2022	-	-	-	-	266,632	266,632	-	-	-	266,632	-	266,632
Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	(2,340)	(2,340)	32,137	47,370	79,507	77,167	162	77,329
Total comprehensive income (loss) in 2022	-	-	-	-	264,292	264,292	32,137	47,370	79,507	343,799	162	343,961
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(93,850)	(93,850)	-	(256)	256	(94,106)	-	(94,106)
Balance, December 31, 2022	2,225,261	281,622	311,875	102,504	272,908	687,287	(17,640)	26,397	8,757	3,202,927	3,639	3,206,566
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	17,044	-	(17,044)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(222,526)	(222,526)	-	-	-	(222,526)	-	(222,526)
Net income in 2023	-	-	-	-	1,067,784	1,067,784	-	-	-	1,067,784	1,787	1,069,571
Other comprehensive income (loss) in 2023, net of income tax	-	-	-	-	697	697	(8,857)	26,938	18,081	18,778	(26)	18,752
Total comprehensive income (loss) in 2023	-	-	-	-	1,068,481	1,068,481	(8,857)	26,938	18,081	1,086,562	1,761	1,088,323
Balance, December 31, 2023	\$ 2,225,261	\$ 281,622	\$ 328,919	\$ 102,504	\$ 1,101,819	\$ 1,533,242	\$ (26,497)	\$ 53,335	\$ 26,838	\$ 4,066,963	\$ 5,400	\$ 4,072,363

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

Mayer Steel Pipe Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities		
Profit (loss) before tax	\$ 1,321,920	\$ 338,990
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	138,250	147,766
Amortization expense	9,944	10,179
Expected credit loss (gain)	(16,080)	(61,161)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(2,171)	300,619
Interest expense	62,106	56,745
Interest income	(31,649)	(73,065)
Dividend income	(45,034)	(35,300)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(97,095)	(102,033)
Loss (gain) on disposal of property, plan and equipment	381	1,313
Loss (gain) on disposal of investments	34,864	(122,651)
Other adjustments to reconcile profit (loss)	3,529	(2)
Total adjustments to reconcile profit (loss)	57,045	122,410
Changes in operating assets and liabilities		
Financial assets mandatorily measured at fair value through profit or loss	7,690	232,388
Notes receivable	40,853	23,513
Accounts receivable	(19,066)	(46,250)
Accounts receivable from related parties	5,734	8,395
Other receivable	110,607	56,262
Other receivables from related parties	(98)	-
Inventories	(252,558)	509,163
Prepayments	120,931	12,550
Other current assets	30,945	4,109
Total changes in operating assets	45,038	800,130
Contract liabilities	(68,940)	14,136
Notes payable	(111,922)	(89,396)
Accounts payable	50,461	(55,929)
Accounts payable to related parties	(15)	(6)
Other payable	80,216	(64,478)
Other payable to related parties	(269)	271
Provisions	47,180	(4,473)
Other current liabilities	24,642	61
Net defined benefit liability	(769)	(30,957)
Total changes in operating liabilities	20,584	(230,771)
Total changes in operating assets and liabilities	65,622	569,359
Total adjustments	122,667	691,769
Cash inflow (outflow) generated from operations	1,444,587	1,030,759
Interest received	57,383	54,767
Dividends received	139,953	149,970
Interest paid	(48,534)	(40,820)
Income taxes refund (paid)	(93,289)	(59,256)
Net cash generated by (used in) operating activities	1,500,100	1,135,420

(Continued)

	2023	2022
Cash flows from investing activities :		
Acquisition of financial assets at fair value through other comprehensive income	(41,520)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	80,819
Proceeds from return of capital of financial assets at fair value through other comprehensive income	-	18,216
Acquisition of financial assets at amortized cost	(371,633)	(19,144)
Proceeds from redemption of financial assets at amortized cost	19,655	59,607
Acquisition of property, plant and equipment	(119,148)	(88,456)
Proceeds from disposal of property, plant and equipment	57	419
Increase in refundable deposits	-	(258,055)
Decrease in refundable deposits	236,629	-
Acquisition of intangible assets	(160)	(5,837)
Decrease in long-term lease and installment receivables	795	805
Increase in other non-current assets	(7,600)	(11,447)
Increase in prepayments for business facilities	(5,102)	-
Decrease in prepayments for business facilities	-	399
Other investing activities	3,157	298
Net cash generated by (used in) investing activities	(284,870)	(222,376)
Cash flows from financing activities :		
Decrease in short-term loans	(843,036)	(98,464)
Increase in short-term notes and bills payable	-	7,027
Decrease in short-term notes and bills payable	(36,985)	-
Repayments of long-term loans	(2,738)	(2,730)
Decrease in guarantee deposits received	(3,000)	(300)
Payments of the principal portion of lease liabilities	(71,581)	(71,890)
Cash dividends paid	(222,526)	(667,578)
Net cash generated by (used in) financing activities	(1,179,866)	(833,935)
Effect of exchange rate changes on cash and cash equivalents	(4,834)	10,138
Net increase (decrease) in cash and cash equivalents	30,530	89,247
Cash and cash equivalents, beginning of year	628,926	539,679
Cash and cash equivalents, end of year	\$ 659,456	\$ 628,926

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

"Appendix 2"

Mayer Steel Pipe Corporation 2023 Earnings Distribution Table

Undistributed earnings at the beginning of the period:	\$ 33,338,080

Add: Net profit after tax	1,067,784,438
: Defined benefit plan actuarial adjustment to retained earnings	696,791
Less: 10% provision for legal reserve (Note 1)	(106,848,123)

Earnings available for distribution:	\$994,971,186

Distribution item: (Note)	
(1) Shareholder dividends - cash dividends	
(\$2.0*222,526,100 shares)	445,052,200
(2) Shareholders' dividends - stock dividends	
(\$2.0*222,526,100 shares, i.e. 200 shares per	
1,000 shares)	445,052,200

Undistributed earnings at the end of the period:	\$104,866,786
	=====

Note: For the above distribution of earnings, the total amount of dividends distributed to shareholders is NT\$890,104,400. The basis for the calculation is the total number of 222,526,100 issued shares at the time of the allocation.

(Note 1): According to the letter of the Ministry of Economic Affairs under Jing-Shang-Zi No. 10802432410 issued by the Ministry of Economic Affairs, "the current period net profit plus the item other than the current period net profit after tax recognized in the undistributed earnings of the current year" is used as the basis for setting aside the legal reserve.

Chairman: Chun-Fa Huang

Manager: Min-Chi Hsiao

Accounting Manager: Hui-Wen, Li

"Appendix 3"

Mayer Steel Pipe Corporation
Articles of Incorporation Amendment Comparison Table

Articles of Incorporation	Provisions after amendment	Original Article	Basis for and reasons for amendment
Chapter 5	Functional committees	<u>Audit Committee and other functional committees</u>	In accordance with the Company's operation management, the chapter name is amended.
Article 33	The number, term of office, rules of procedure, exercise of powers and other matters to be complied with by the Audit Committee shall be handled in accordance with the relevant laws and regulations and the Company's Audit Committee Charter.	<u>The functions and powers of the Audit Committee and other functional committees and other matters to be complied with are handled in accordance with the relevant laws and regulations of the Company.</u>	Amended in accordance with Article 27 of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
Article 34	The Company's board of directors may establish relevant functional committees in accordance with the law and actual needs. The number, term of office, rules of procedure, exercise of powers and powers of the Remuneration Committee and other functional committees and other matters to be complied with shall be handled in accordance with the relevant laws and regulations and the Company's charter for each committee.	<u>The committees referred to in the preceding Article shall establish organizational charters to regulate the number of members, tenure, functions and powers, and shall be implemented after resolutions of the board of directors.</u>	Amended in accordance with Article 27 of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
Article 46	This charter was established on August 9, 1959, 1st amended on May 11, 1961, ..., 37th amendment on June 25, 2010, 38th amendment on June 27, 2012, 39th amendment on June 12, 2015, 40th amendment on	This charter was established on August 9, 1959, 1st amended on May 11, 1961, ..., 37th amendment on June 25, 2010, 38th amendment on June 27, 2012, 39th amendment on June 12, 2015, 40th amendment on June 21, 2016, 41st amendment	It is the record of the amendment date of the Articles of Incorporation.

Articles of Incorporation	Provisions after amendment	Original Article	Basis for and reasons for amendment
	June 21, 2016, 41st the amendment on June 19, 2017, 42nd amendment on June 12, 2019, 43rd amendment on July 15, 2021, 44th amendment on June 14, 2022, <u>45th amendment on June 7, 2024.</u>	on June 19, 2017, 42nd amendment on June 12, 2019, 43rd amendment on July 15, 2021, 44th amendment on June 14, 2022.	