



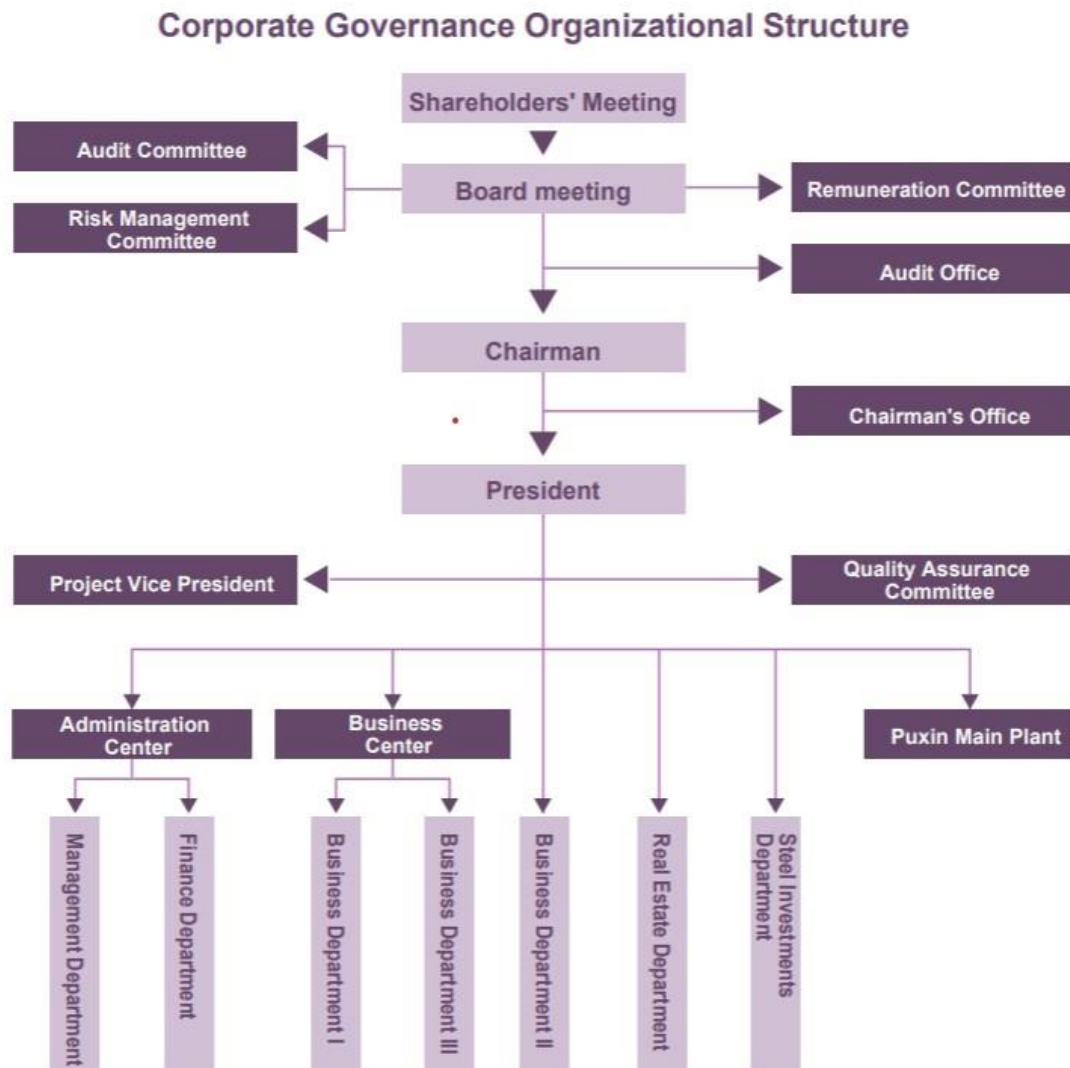
MAYER STEEL PIPE CORPORATION

【Organization and Operation of Internal Audit】

1、Purpose of the internal audit

To assist the Board of Directors and managers in examining and reviewing the deficiencies of the internal control system and measuring the effectiveness and efficiency of the operations, and to provide timely recommendations for improvement to ensure the continuous and effective implementation of the internal control system and to serve as a basis for reviewing and revising the internal control system.

2、Organization and Establishment of Internal Audit





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1. Pursuant to the Company's Articles of Incorporation, the Audit Office is subordinate to the Board of Directors and has an Audit Supervisor, who is responsible for the supervision of the Company's internal audit business and the internal audit business of its subsidiaries. The appointment and dismissal of the Audit Supervisor must be approved by the Audit Committee and submitted to the Board of Directors for resolution, and the appointment and dismissal of the Audit Supervisor must be submitted to the competent authority for filing a report in accordance with the regulations.
2. Depending on the size of the company, business conditions, management needs, and other relevant laws and regulations, one to two full-time auditors shall be assigned to perform internal audits of the Company. The selection of auditors must meet the requirements of the competent authority; and attend internal audit seminars held by an organization recognized by the competent authority each year to improve the quality and capability of the audit.

3、Audit Execution

1. Annual audit program :
 - (1) Before the end of each year, the Audit Office will prepare an audit plan for the following year in accordance with laws and regulations, risk assessment results, and the instructions of the Board of Directors, and submit it to the Board of Directors for discussion and approval; the same applies to amendments. The plan will be submitted to the board of directors for discussion and approval, and the same applies to amendments. The plan will also be reported to the competent authorities in accordance with regulations.
 - (2) The annual audit plan includes the audit number, audit items, scheduled audit period, and actual audit period.
2. Execution of Audit Operations :
 - (1) Auditors shall perform audits in accordance with the Company's "Internal Audit Implementation Regulations" and include all subsidiaries in the scope of internal audits.



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- (2) The “Internal Audit Implementation Guidelines” include: the meaning, purpose, and responsibilities of auditing; points to note for auditors; and the purpose, audit cycle, and key points of auditing for each operation.
3. Missing Tracking and Review :
- (1) The internal audit regularly follows up and reviews in writing the inspection opinions or deficiencies listed in the self-inspection conducted by the competent authorities, accountants, the Audit Office, and the inspected units, as well as the items listed in the Statement of Internal Control System that should be enhanced and improved. The unit under inspection follows up on the aforementioned deficiencies and conducts regular self-reviews until the Audit Office confirms that the improvements have been completed; and reports to the competent authorities for inspection in accordance with the regulations.
- (2) Written reports such as audit reports, self-inspection results and deficiency tracking reports are delivered to the independent directors for review by the end of the month following the completion of the audit, and the head of the auditing department attends the board of directors’ meeting.
4. Self-inspection: Each year, each department and subsidiary of the Company conducts its own inspection of the internal control system, which is then reviewed by the Audit Office and, together with the improvement of internal control deficiencies and anomalies identified by the Audit Office, serves as the main basis for the Board of Directors and the President to evaluate the effectiveness of the overall internal control system and to issue a statement on the internal control system. In addition, the Company shall report to the competent authorities for review in accordance with the regulations.

4、Auditing of subsidiaries

1. For subsidiaries that are not publicly traded or do not have an audit unit, the audit services are performed by the audit office of the parent company.
2. Audit operations of subsidiaries that are publicly traded or have



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established audit units are performed by the subsidiaries. The Company's supervision of its auditing operations is as follows:

- (1) Before the end of each year, Subsidiaries shall prepare an annual audit plan and send it to the Company's Audit Office for review.
- (2) Subsidiaries are required to report to the Audit Office of the Company on a quarterly basis on the status of improvement of deficiencies and anomalies identified in the audit, and to report to the Company as soon as possible if the deficiencies or anomalies are of a material nature.
- (3) The Company's Audit Office shall review the audit reports or self-inspection reports presented by each subsidiary and track the improvement of its internal control system deficiencies and irregularities.