東和鋼鐵企業股份有限公司
TUNG HO STEEL ENTERPRISE CORPORATION

2026 Annual Shareholders' Meeting Minutes

Time: 9:30 AM, Friday, May 22, 2026

Meeting convening method: Physical shareholders' meeting

Venue: No. 22, Pingding, Erhu Vil., Xihu Township, Miaoli County
Miaoli Plant of Tung Ho Steel Enterprise Corporation

Quorum: 662,927,575 shares were represented by the shareholders and proxies present (248,574,629 shares were presented via electronic transmission) which amounted to 90.78% of the Company's 730,213,818 issued and outstanding shares.

Directors Present: Ho, Chieh-Teng, Ho, Yu-Shu, Tung, Po-Hsun, Huang, Chih-Ming, Chen, Pao-Ho, Hou, Yean-Liang

Independent Directors Present: Lieu, Der-Ming, Liu, Chi-Kang, Liu, Chia-Wen

Chairman: Ho, Chieh-Teng Recorders: Lin, Yu-Hsuan, Wu, Cheng-Pei

Meeting Procedure

1. Call Meeting to Order

2. Chairperson's Remarks: (omitted)

3. Reports

(I) 2025 Annual Business Report

Description:

1. The Company mainly engages in the production and sales of rebar, H-beam, steel plate and channel steel. The production and sales volume in 2025 and 2024 are listed in the following table:

Unit: Metric tons

	Production volume			Sales volume		
	2025	2024	Growth rate	2025	2024	Growth rate
Billet	1,784,924	1,840,779	-3.03%	0	254	-100.00%
Rebar	1,368,557	1,407,591	-2.77%	1,353,483	1,364,208	-0.79%
H-beam	471,329	479,718	-1.75%	495,936	493,475	0.50%
Steel plate	118,128	103,683	13.93%	101,983	78,186	30.44%
Channel	32,655	46,087	-29.14%	34,597	46,059	-24.89%
I-Beam	1,402	1,636	-14.30%	1,480	1,527	-3.08%
Sale and purchase of steel	0	0	0.00%	0	503	-100.00%
Steel sheet piles	348	2,134	-83.69%	338	2,125	-84.09%
Total	3,777,343	3,881,628	-2.69%	1,987,817	1,986,337	0.07%

2. The net operating income of parent company only and consolidated financial statements for 2025 and 2024 are as follows:

Unit: Thousands of New Taiwan Dollars

	2025	2024	Growth rate
Parent company only operating income	43,343,503	45,177,863	-4.06%
Consolidated operating income	57,855,435	60,162,997	-3.84%

3.Please refer to Attachment 1 of the Meeting Handbook for the business report.

4.Please take a look at it.

(II) Report on the 2025 Annual Financial Statement Reviewed by the Audit Committee.

Description:

1. The Report on the 2025 Annual Financial Statement has been audited and attested by CPAs Lee, Tzu-Hui and Jhang, Jhao-Wun of KPMG in Taiwan, and has been reviewed by the Audit Committee. The CPAs' audit report and the Audit Committee's review report have been issued respectively Please refer to Attachment 2 and Attachment 3 of the Meeting Handbook for more information.

2.Please take a look at it.

(III) Report on the 2025 Cash Dividends from Earnings.

Description:

1.In accordance with Article 28-1 of the Company's Articles of Incorporation, if the distribution of profits is made in cash, it shall be authorized by the Board of Directors with the resolution of more than 2/3 of the Directors present and the approval of more than half of the Directors present, and report to the Shareholders' Meeting.

2. A cash dividend of NT$3,139,919,417, or NT$4.3 per share, was approved by the resolution of the 22nd meeting of the 25th term of the Board of Directors.

3. Cash dividends of less than NT$1 shall be tallied and listed under stockholders' equity.

4. If there is any subsequent change in the number of outstanding shares for other reasons, the chairman of the Board of Directors is authorized to adjust the allotment rate for shareholders.

5. As resolved by the Board of Directors, the ex-dividend date of the cash

dividend was set as March 28, 2026 and the payment date was set as April 24, 2026.

6.Please take a look at it.

(IV) Report on the 2025 Distribution of Remuneration to Employees and Directors.

Description:

1. Pursuant to Article 28 of the Articles of Incorporation.

2.As approved by the 20th meeting of the 25th term of the Board of Directors, 2.5% of the Company's profit for 2025 shall be appropriated as employee remuneration and 2% as Directors' remuneration, respectively. The remuneration shall be paid in cash, excluding employees of subsidiaries. Of the aforementioned employee remuneration, not less than 50% was required to be set aside and allocated to frontline employees.

3. For the fiscal year 2025, employee remuneration totaled NT$144,706,234, and Director remuneration totaled NT$115,764,988. The allocation for frontline employee remuneration was NT$93,844,530, representing 1.62% of profit before tax for fiscal year 2025 prior to deducting employee and Director remuneration, and approximately 64.9% of the employee remuneration distribution ratio.

4. Please take a look at it.

(V) Report on the 2025 Remuneration Received by Directors.

Description:

1.Please refer to Attachment 4 of the Meeting Handbook for 2025 Annual Report on the Remuneration Received by Directors.

2.Directors' remuneration policy:

(1).In accordance with Article 28 of the Company's Articles of Incorporation, up to 2% of the Company's profit for the year may be allocated as remuneration to the Company’s Directors for the year, and the amount shall be allocated based on the results of the performance evaluation of each Director for the year.

Pursuant to Article 10 of the Company's "Rules for Performance Evaluations of the Board of Directors", the performance evaluation results of Directors shall be taken as the reference for determining their remuneration. The Board of Directors previously resolved at the 18th meeting of the 23rd session on December 31, 2019 to approve the method of calculating the remuneration of Directors, taking into account the results of the performance evaluation of Directors:

Directors’ remuneration = Distributable Directors’ remuneration × Proportion of shares held by individual Directors to the number of shares held by all Directors × Payout ratio from the performance evaluation of the Directors, The payout ratio for Director performance assessment is calculated based on the evaluation results according to Article 9 of the Rules of the Performance Evaluation of the Board of Directors: for those who are "superior to the standard" or "above the standard", the distribution rate is 100%; for those who "meet the standard", the distribution rate is 90%; for those who "fail to meet the standard", the distribution rate is 80%, and for those who "need to make improvement", the distribution rate is 70%.

Each Director's self-evaluation results in 2025 are shown in the table below, and all evaluations are rated as "superior to the standard": (5 points for strongly agree; 4 points for agree; 3 points for average; 2 points for disagree; 1 point for strongly disagree)

6 major aspects of self-evaluation	Number of questions	Proportion	Average score
A. Familiarity with the goals and missions of the company	5	16.67%	5.00
B. Awareness of the duties of a director.	5	16.67%	4.98
C. Participation in the operation of the company	10	33.33%	4.91
D. Management of internal relationship and communication.	4	13.33%	4.89
E. The director's professionalism and continuing education	3	10.00%	4.56
F. Internal control	3	10.00%	4.85
Total/average score	30	100.00%	4.86

(2).In addition to the existing performance evaluation items, the Board of Directors provided the following explanation of concrete performance in management and sustainable development: Operational Performance: In 2025, gross profit, operating income, and income before tax increased by 7.50%, 10.27%, and 5.77%, respectively, compared with the prior fiscal year; return on equity also rose by 0.03%. Overall operational performance continued to improve. Sustainable Development and Net Aero Planning: The Company was honored with the 2025 “Net Zero Industry Competitiveness” Steel Industry Excellence Award. To achieve the 2050 Net-Zero Emissions target, the Company has proactively deployed renewable energy initiatives, established a decarbonization roadmap, and set pragmatic interim targets for 2030, including a 30% reduction in carbon emissions and achieving RE30 (30% renewable energy usage). The Company continues to implement sustainability policies centered on Energy Saving and Carbon Reduction, and is committed to maintaining industry leadership among electric arc furnace operators through lower carbon emission intensity. The Company actively responds to stakeholder expectations to ensure its long-term sustainable development.

Corporate Governance Performance: In the 11th Corporate Governance Evaluations, the Company was once again ranked among the top 5% of TWSE-listed companies and placed in the top 10% of non-financial, non-electronics companies with a market capitalization exceeding NT$10 billion—the highest distinction in the evaluation—demonstrating the Company’s continued commitment to and effectiveness in advancing and implementing corporate governance.

Under the supervision of the Board of Directors, the growth rates of operating revenue and profit before tax in 2025 both increased significantly. Overall operational performance exceeded that of the prior year, and sustainability policies were effectively implemented. Based on the principle of linking Director remuneration to performance, Director remuneration increased by approximately 5.77% compared with the prior year, representing approximately 0.3% of net profit after tax for 2025, in line with the spirit of corporate governance and performance-oriented principles.

(3).Also, in accordance with Article 22-1 of the Company's Articles of Incorporation, the Remuneration and Nomination Committee recommend monthly fixed remuneration with reference to the standards of relevant peers and listed companies and the responsibilities of Directors, and submit it to the board meeting for approval.

(4).In addition to the fixed monthly remuneration, the Directors shall receive a monthly attendance fee in accordance with the actual number of meetings attended.

(5).If concurrently serving as a member of functional committees of the Company, the Director shall be paid a fixed monthly remuneration as a Director and a member of the functional committees, as well as attendance fees in accordance with the actual number of meetings attended.

3. Independent directors' remuneration policy:

(1).Independent Directors receive monthly fixed remuneration and do not participate in the distribution of earnings, and are paid attendance fees in accordance with the actual number of meetings attended.

(2).The above fixed remuneration is based on each independent Director's participation in and contribution to the Company's operations and the value of their contributions to the Company. It is proposed to the Board of Directors after evaluation and discussion by the

Remuneration and Nomination Committee, taking into account the payout to listed companies in the same industry and related industries.

(3).If concurrently serving as a member of functional committees of the Company, the independent Director shall be paid a fixed monthly remuneration as an independent Director and a member of the functional committees, as well as attendance fees in accordance with the actual number of meetings attended.

4.Please take a look at it.

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

Description:

1. The Company's head of internal audit sends materials related to internal audit inspection reports on a monthly basis to the independent Directors for review, who will provide guidance to the internal audit unit through this communication mechanism. For a summary of Key points of communications between the Audit Committee and Internal Audit Supervisor for 2025. Please refer to Attachment 5 of the Meeting Handbook for the key summary of the communication between the Audit Committee and the internal audit supervisor in 2025.

2.Please take a look at it.

Shareholder Account No. 402284, First Inquiry

(1)Suggestion for the location of the shareholders' meeting:

I reside in Taipei. I left at 7:00 a.m. this morning to hurry to the venue. Upon reviewing the Company's Annual Report, I found that the head office is located on Chang'an East Road in Taipei City. I would like to suggest that the Company consider the hardship incurred by shareholders traveling long distances and, in the future, hold the shareholders' meeting in Northern Taiwan or in a location with convenient transportation (such as along the High-Speed Rail line) to avoid congestion on the highways.

(2)Business performance and future outlook of the inverse relationship between revenue and profit:

I would like to commend the operating team’s performance in 2025. The financial statements show that revenue was approximately NT$57.8 billion in 2025 and approximately NT$60.2 billion in 2024. Revenue in 2025 decreased by approximately NT$2.3 billion compared to 2024. However, the gross profit ratio increased by approximately 1%, net operating income and profit before tax increased by approximately NT$142 million and NT$193 million, respectively, and EPS reached NT$6.44. The Company's revenue in 2025 was lower than that in 2024, while profitability increased, indicating that cost control and internal control were highly effective. I would like to ask management: if revenue rises again in the future, will cost and net profit shrink instead?

(3)Accounts receivable and accounts payable reconciliation and allowance for loss:

In the 2025 balance sheets, accounts receivable amounted to approximately NT$2.8 billion, while accounts payable and other payables totaled NT$5.1 billion. May I ask how the Company maintains a balance between accounts receivable and accounts payable? In addition, the current loss allowance for receivables amounts to more than NT$110 million. May I ask what the main reason is for this?

(4)Specific strategies for turning the THSVC operations profitable:

The chairperson noted that the subsidiary companies have already begun generating profits. However, it was pointed out that the Company's investment in the Vietnam plant amounts to more than NT$6 billion. In view of Vietnam's relatively volatile political and tax environment, could the Company explain how it would specifically implement strategies to turn the THSVC from a loss into a profit?

Chairman's response:

(1)Regarding the location of the shareholders' meeting:

Thank you, shareholders, for traveling long distances to attend this meeting. In fact, nearly half of the Directors of the Company reside in Kaohsiung, which is even farther from the venue. Therefore, for many years, the shareholders' meeting has been held at the Miaoli Plant in central Taiwan to balance the travel distances for shareholders in the north and south. In addition, the Miaoli Plant is Tung Ho Steel's largest and most efficient model subsidiary plant, with the plant site extending for more than 1 kilometer from the mountainside to the base of the mountain. For safety reasons, we cannot arrange for shareholders to enter every area of the plant. However, we still wish for shareholders to personally experience the Company's physical scale. This has long been a traditional practice of Tung Ho Steel, and we ask our shareholders for their understanding.

Shareholder Account No. 402284, Second Inquiry

Thank you, Chairman, for your explanation. It would indeed be very good if all shareholders in Taiwan could personally visit the plant to witness its operations. I would still like to suggest that the Company consider how to improve transportation convenience, such as arranging High Speed Rail shuttle service, so that shareholders from the north and south can arrive conveniently within one or two hours.

Chairman's response:

(2)Regarding the correlation between revenue and profitability:

The steel industry belongs to the trade of bulk commodities. The prices of raw materials, such as imported and domestic scrap steel,and finished products, such as rebars and H-beams, are highly correlated in the international market. Over the past year, global steel prices has declined, and the Company actively manages the price difference between raw materials and finished goods. Therefore, a decline in revenue is not equivalent to a decline in profit; likewise, when global steel prices rise and revenue increases, profit does not necessarily rise proportionately. The key lies in the "timing" of purchasing and sales.

The management team adheres to a prudent operating approach and focuses on enhancing the competitiveness of its processing and manufacturing operations to maintain stable profitability. When the market is bullish, customers places orders actively; if raw materials are not replenished in a timely manner, profit margins could be eroded by high-priced raw materials. This control measure is extremely difficult to implement. The Company will continue to have the General Manager lead close coordination between the sales and factory functions to optimize price difference control.

(3)Regarding accounts receivable, accounts payable, and the provision of loss allowance:

Accounts payable: Mainly comprises payments for the purchase of scrap steel. Domestic suppliers are granted a certain payment period, while overseas suppliers mostly adopt letters of credit (LC) for documentary financing. Payments fluctuate with the delivery schedule, but the overall range of fluctuation is stable.

Accounts receivable: The rebar business mostly adopts a monthly settlement system for long-term customers. On the other hand, H-beams mostly use local letters of credit (Local LC) for settlement with distributors. After shipment and warehousing, the credits are immediately negotiated, so there is no concern about long-term accounts receivable. The increases and decreases in accounts receivable and accounts payable depend on the respective schedules of procurement and sales, and there is no absolute proportional relationship between the two.

Loss allowance (expected credit loss): Due to last year's real estate market slowing and builders reducing the pace of project launches, the Company has adopted a stricter rolling review. The business unit conducts credit ratings for individual customers and worksites. For example, if an assessment indicates that progress at a worksite has slowed or sales have been weak, prudent provision of the corresponding expected credit losses would be conducted during accounting. This is a rolling adjustment.

(4)Regarding the operating outlook for the THSVC:

Over the past four to five years, local peers In the Vietnamese market such as Hòa Phát Steel Mill have indeed significantly expanded capacity, leading to oversupply in the long steel products market and intense competition. Some small and medium-sized steel mills have even ceased operations.

In recent years, the Company has adopted a cross-regional operational strategy by leveraging the billet demand at its Kaohsiung Daye plant (a re-rolling mill). It ships competitively priced billets produced at its Vietnam plant, which benefit from lower power and labor costs, back to Kaohsiung via sea transport, as both plants are located near ports, resulting in minimal inland transportation costs. At present, the Vietnam plant produces approximately 40,000 to 50,000 tons of steel per month. Of this, 20,000 to 30,000 tons of steel billets are shipped back to Taiwan, and the remaining 20,000 tons are rolled into rebars for local sale. Since last year, the price difference between Vietnamese rebars and Taiwanese steel billets has improved significantly, formally reversing the losses of the previous years and beginning to generate profits. Additional explanation: The equipment depreciation period at the THSVC was set relatively short (15 years), with annual depreciation expense reaching NT$400 million. Therefore, although past financial statements have shown an accounting loss, cash flow has remained positive throughout. Net profit in recent quarters have turned positive, and operations will continue to improve steadily.

Shareholder Account No. 348080, First Inquiry

(1)Operating outlook and growth drivers for the second half of the year:

I would like to commend the Chairman's leadership ability. However, I noted that in the April's material information disclosure, the Company’s monthly revenue and cumulative revenue announced has declined by approximately 5%. May I ask whether there is an opportunity for revenue to return to growth this year? What are the growth drivers for the second half of the year?

(2)Impact of housing market policies on operations and corresponding measures:

Will the government’s implementation of housing market controls, tax adjustments, and mortgage restrictions, among other policies, have an impact on the Company’s short-term or medium-term operations? How should the Company respond?

(3)Financial investment strategy recommendations (e.g., TSMC stock):

The financial statements show that the Company has conducted a small amount of stock trading, and that TSMC is an important customer of the Company (sales accounted for approximately 6%). I would like to propose that the Company consider whether to expand its investment in TSMC and other high-quality targets to enhance non-operating profits.

(4)Evaluation method for inventory falling price loss:

In the CPA’s audit report, what were the Company’s specific evaluation and assessment standards for the “inventory falling price loss and reversal gain” mentioned therein?

Chairman's response:

(1) & (2) Regarding the outlook for the second half of the year and the impact of housing market policies:

The financial report for the first quarter has been released, and profitability has remained at a satisfactory level. As noted above, a slight decline in revenue does not necessarily indicate a decrease in profitability. Operations in the second half of the year are expected to remain stable.

Regarding growth momentum: Demand for the construction of high-tech plants remains robust; contracting out public works projects, such as the Taipei MRT Southern Ring Line, Northern Ring Line, and Taoyuan MRT has proceeded relatively smoothly as raw material prices stabilize, and demand remains steady.

Impact of housing market policies: The mortgage lending restrictions have been in effect for nearly two years. The growth of new orders from residential customers has indeed slowed, but construction projects have only been postponed on a rolling basis and have not disappeared. Rather, the recent "earthwork issue" in northern Taiwan (the controversy over construction surplus soil and rock) has caused some construction sites to be unable to transport excavated material off-site, thereby impeding progress and causing a short-term delay in the Company’s shipment schedule, but the overall direction of demand remains unchanged.

(3)Regarding securities investments and focus on the core business:

Over the past 20 years, the Company has substantially adjusted its strategy, shifting to a strong focus on its core business and related upstream and downstream industries, while its negotiable securities operations have been gradually reduced.

Upstream green energy and environmental protection: We are focusing on renewable energy and a circular economy. For example, the Company has invested in Tung Sugar Energy Services Co., Ltd., which generates electricity from food-processing waste and supports the carbon reduction efforts of food manufacturers.

Downstream steel structure applications: The subsidiary Tung Kang Steel Structure Corp. is undertaking high-technology plant projects from TSMC and others, with an extremely full business volume. The Company is continuing to invest in optimizing internal factory workflows and production capacity.

Based on the principle of focusing on the core business, the Company has no plans to engage in short-term trading of stocks such as TSMC. We will leave non-operating investments to market professionals, while the Company remains focused on being a good supply chain partner to technology manufacturers.

(4)Regarding the evaluation mechanism for inventory falling price loss:

Steel raw materials are bulk commodities. When market prices decline and inventory cost exceeds market price, a loss on decline in value must be recognized in accordance with accounting standards. However, the assessment is not based solely on the current price. It also has to take into account the sales model. Taking the Company’s rebar business in Taiwan as an example, the Company maintains on hand approximately 1 million metric tons of orders and also prepares a corresponding amount of raw materials. When the market price of raw materials declines, the cost of raw materials in inventory appears to be higher than the spot market price. However, because the raw materials have already been matched to sales orders previously entered into with customers at higher prices, whether a write-down loss needs to be recognized for this portion is carefully discussed with a CPA, and the value of inventories is evaluated on a rolling basis in accordance with the rigorous accounting system and operating procedures.

Shareholder Account No. 81272, First Statement

I hereby represent the Proprietary Trading Department of Hua Nan Securities Co., Ltd. First, we would like to express our high appreciation for the management team. The Company has received the highest honor of ranking in the top 5% in the Corporate Governance Evaluations for many consecutive years. As a benchmark enterprise in electric arc furnace steelmaking, the Company has spared no effort in its initiatives in ESG, sustainable development, and carbon-neutral planning. Regarding the progress of sustainable transformation, we would like to raise the following two questions:

(1)Progress on green power targets and procurement strategy:

The Company previously set a RE30 target. What was the percentage of total electricity consumption accounted for by green power generation in 2025? For 2026, are there more specific phased targets for improvement in green power procurement or in the self-construction of solar power equipment?

(2)Natural capital and biodiversity conservation:

The Miaoli plant area and its surrounding area have already made significant investments in leopard cat conservation in the past. As international attention to natural capital and biodiversity disclosure has increased, does the Company have updated monitoring data on leopard cat habitats, or more refined and specific conservation plans?

Chairman's response:

(1)Regarding the progress of the green power transition and RE30:

As an electric arc furnace steel plant, Tung Ho Steel is among Taiwan’s top 20 largest electricity consumers. We have been advancing green energy in a very pragmatic manner. In 2025, the Company’s green electricity usage achieved RE18. While comparable data from other companies have not yet been fully disclosed, we believe our performance ranks among the leading levels in within traditional manufacturing in

Taiwan.

Specific actions: In addition to the continued development of onshore wind power by Tung Kang Wind Power, which is 100% owned by the Company, the rooftops of all plants have already been fully covered with solar panels, and procures green electricity from external suppliers.. An additional 7 MW of rooftop solar power equipment is expected to be added in 2026.

2030 RE30 target: The Company participates in the government-led Taiwan Smart Electricity & Energy Co., Ltd. (TSEE) and serves as a Director. Going forward, in accordance with its rights and obligations, the Company will procure offshore wind power on a pro rata basis , further supporting its efforts to achieve the 2030 RE30 target.In addition to actively investing in renewable energy, the Company is simultaneously promoting energy conservation and carbon reduction initiatives. The Company is carrying out a material electric furnace retrofit project at the Miaoli Plant, introducing a brand-new low-energy-consumption manufacturing process. When the electricity consumption required to produce each metric ton of steel declines, the total amount of green electricity that needs to be purchased can be reduced accordingly, thereby becoming more economically efficient.

(2)Regarding ecological diversity and leopard cat conservation:

In addition to the Miaoli plant site, the Company’s seaside "Tung Kang Industrial Park" has long been implementing an ecological monitoring mechanism during the development and construction of onshore wind power. The area is an important foraging and activity habitat for protected wildlife such as the leopard cat, the small Chinese civet, and the crab-eating mongoose. According to data from the Company’s long-term infrared monitoring system, the number and frequency of activity of protected wildlife species in the surrounding area have remained stable and have not declined due to the operation of the industrial park. Company personnel will continue to implement environment-friendly management, reduce disturbances to the feeding area, and closely track monitoring data. If any abnormalities occur, response mechanisms will be immediately activated.

4. Ratification

(I)Ratified the 2025 Annual Business Report and Financial Statement. (Board of directors’ proposal)

Description:

1. The accountants and the Audit Committee found no discrepancies in the Company's 2025 business report and financial statements (including the consolidated financial statements). Please refer to Attachment 1 and Attachment 6 of the Meeting Handbook.
2. Please ratify it.

Shareholder Account Number 402284, First and Second Statements

(1)Current status of carbon fee expenditures:

In response to the aforementioned environmental protection and carbon credits issues, the Company is actively promoting energy conservation. I would like to ask: what is the total amount of carbon fees that the Company actually pays each year?

(2)ESG investment and R&D expense allocation:

As ESG is being comprehensively promoted at present, how much has the Company allocated to relevant investments? In addition, according to page 98 of the annual report, the Company’s current research and development expenses amount to approximately NT$46 million, accounting for only 0.08% of total revenue. Could the Company elaborate on the specific uses and allocation of the research and development expenses?

(3)Change in accounting item classification of financial asset disposal:

Referring to page 27 of the consolidated financial report, the Company disposed of equity instruments measured at fair value through other comprehensive income in order to adjust its investment portfolio. The disposal proceeds exceeded NT$3 million; however, the accumulated disposal loss exceeded NT$21.57 million, and the amount was transferred from other equity to retained earnings. May I ask why the loss upon disposal of such financial assets was not recognized in the income statement, but instead transferred to retained earnings on the balance sheet? What was the reason for the adjustment of its accounting items?

(4)Exchange rate differences and foreign exchange hedging mechanisms for multinational operating organizations:

On page 60 of the consolidated financial statements, under "Investing and Financing Activities from Non-Cash Transactions," exchange differences arising from the translation of the financial statements of foreign operations were listed in the amount of NT$170 million. Given that overseas markets in recent years, such as Vietnam and China have faced tariff and exchange-rate fluctuations, has the Company adopted any relevant hedging measures to address foreign exchange differences? In addition, did the Independent Directors provide any related recommendations or issue a review report on this matter?

(5)Reason for the reversal of the loss allowance on disposal of the subsidiary:

As shown on page 29 of the financial report, in 2025, the consolidated company recovered approximately NT$4 million (approximately RMB 1 million) from the collection of outstanding proceeds from the disposal of a subsidiary (Fujian Tung Kang Steel), which was recognized under other gains and losses; however, approximately RMB 3.6 million was determined as uncollectible. I would like to ask what specific circumstances occurred in the course of the subsidiary's disposal and the withdrawal of foreign capital, resulting in the reversal of the loss allowance?

(6)The Company's strategy in response to the restart of nuclear power plants and its impact on electricity costs and profitability:

Taiwan's electricity issue is extremely important. Recently, the government initiated the relevant procedures for reactivating Nuclear Power Plant Unit 3. The Company is actively procuring green energy and wind power generation. However, following the resumption of nuclear power, overall electricity costs are expected to become more advantageous, which would help improve the Company's profitability. May I ask whether the Company has any corresponding response measures and plans regarding the future resumption of nuclear power generation?

(7)Environmental noncompliance fines and internal control improvements:

Page 110 of the annual report shows that, due to environmental compliance violations such as air pollution, the Company has incurred fines totaling nearly NT$1 million. Regarding environmental fines, has the Company adopted more comprehensive management and improvement measures in its internal controls?

Chairman's response:

(1)Regarding carbon fee expenditures

The carbon fee benchmark set by the Ministry of Environment is NT$300 per metric ton. If Tung Ho Steel’s base-year carbon emissions of 800,000 metric tons, or its 2025 carbon emissions of approximately 650,000 metric tons, are used as the basis for calculation, the carbon fee could reach as high as NT$200 million if you do nothing. However, the government provides an optional reduction package, divided into the more stringent "Rate A" and the comparatively easier "Rate B." Tung Ho Steel chose to challenge itself and actively seek qualification for "Rate A", thereby reducing the applicable carbon fee to NT$50 per metric ton. In addition, because the steel industry is a highly sensitive to carbon leakage, it enjoys an additional 80 percent discount, reducing the final effective carbon fee to NT$10 per metric ton. Therefore, Tung Ho Steel’s actual carbon fee payment for this year has fallen significantly to over NT$6 million. The Company has established a comprehensive annual carbon reduction plan and targets, and will, through projects such as offshore wind power procurement and electric furnace process modifications, ensure that it continues to meet stringent voluntary reduction standards by 2030.

(2)Regarding R&D expenses

The manufacturing processes in the steel industry are already highly mature, unlike those in the technology industry, which require substantial R&D expenditures to give rise to innovative products. The Company’s research and development focuses on fine-tuning and enhancing existing processes. For example, the "electric furnace flue gas and heat recovery ORC power generation" mentioned on page 98 of the annual report is a sound concept; however, because electric furnaces are classified as "non-continuous production", the application of thermal energy is extremely difficult, and there have been few successful cases among international peers to date. The Company will continue to monitor the development of this technology and will implement it only after the technology has matured and the return on investment is consistent with the synergies. Accordingly, research and development expenses remain at existing levels.

Accounting Manager's response

(3)Accounting treatment for disposition of financial assets

The adjustment to this account was made in accordance with the provisions of IFRS 9. At initial recognition, a company may classify its investments in listed and unlisted equity instruments as follows:

If classified as financial assets measured at FVTPL, the gains or losses from periodic fair value measurement and disposal are reflected in the statement of comprehensive income; if originally classified as financial assets measured at FVTOCI (for example, the Company’s early investment in Hexawave, Inc.), then, in accordance with the standards, the accumulated gains or losses upon disposal cannot be reclassified to the statement of comprehensive income and have to be transferred directly from other equity interest to retain earnings in the balance sheet. This practice is purely in compliance with accounting standards.

Chairman's response:

(4)Regarding exchange rate differences and foreign exchange hedging for multinational operating organizations:

With respect to foreign exchange operations, the Company divides them into "business hedging" and "investment hedging":
Business Hedging: In connection with the procurement of imported scrap steel and other raw materials, the Company fully implements short-term foreign exchange hedging, as exchange-rate risks existed from the time of order placement until the goods were received. This was also a key tool that enabled the company to keep costs precisely within the expected range.
Investment Hedging: For overseas equity investments in Vietnam, China, and other markets, given their nature as permanent, long-term assets, it is in practice extremely difficult to achieve perfect hedging through a single financial instrument. The translation difference arising from the financial statements of such multinational operating entities fluctuates with exchange-rate changes assessed each quarter and, in accordance with accounting standards, was presented under “shareholder equity”; it did not affect the performance of the current-period income statement.

(5)Regarding the collection of proceeds from the disposal of the subsidiary Fujian Tung Kang:

Fujian Tung Kang was a reinvestment business that the Company decided many years ago to sell to Chinese investors. Given the current weak economic environment in China, a retrospective review indicates that the timing of the disposal was still considered appropriate at that time. However, the procedures for foreign investors to exit the market and remit funds abroad were extremely cumbersome, and they often faced challenges in the process when local tax authorities required additional tax payments or raised the tax amount. Due to back-and-forth negotiations and the extended timeline, part of the unrecoverable final payment (RMB 3.6 million-plus) was recognized in accordance with law as non-operating loss, while the amounts successfully recovered were reclassified in accordance with regulations to the corresponding allowance for loss.

(6)Regarding the impacts of and response to the recommissioning of nuclear power plants:

Although there is still debate within the environmental protection community over whether nuclear power should be classified as "green power," it is unquestionably a source of "low-carbon energy". The process for restarting Nuclear Power Plants Units 2 and 3 has had a positive effect on the industrial sector. Tung Ho Steel's carbon reduction pathway is divided into "RE30 (30% green power)" and "30% carbon reduction." In Scope 2 of the carbon fee calculation (indirect emissions from purchased electricity), the carbon emissions from electricity use at the electric arc steel mill accounted for as much as 75% of the plant’s total carbon emissions. This figure is determined by Taiwan Power Company’s electricity carbon emission coefficient. If Taiwan Power Company’s future power supply structure were to restart nuclear power and increase the share of green electricity, the carbon emission coefficient would decline accordingly, which would be of great help to Tung Ho Steel in achieving its 2030 carbon reduction target. However, the Company regards this as a positive external factor, and internally it will continue to vigorously promote its own carbon reduction initiatives, rather than relying entirely on external policy adjustments.

(7)Regarding environmental protection fines and internal control improvement:

The air-pollution fines mentioned on page 110 of the annual report primarily involved the subsidiary "Katec Creative Resources Corporation" (located in the Taoyuan Guanyin Environmental Protection Park). The Company’s core operations have generated strong profits, and it mainly undertakes the highly difficult business of treating incinerator fly ash. Because the plant's existing dust collection system was not fully designed at the initial stage of operations, environmental compliance fines were incurred successively last year. The Company’s management team recently entered a formal contract, injected capital, and introduced advanced international equipment to carry out refurbishment for a new dust collection system. Tung Ho Steel’s professional technical team has also been stationed on site to assist in optimizing equipment layout and production processes. The renovation is expected to be completed by the end of this year, after which the environmental compliance violations will be thoroughly eliminated.

Shareholder Account No. 348080, First Statement

(1)Suggestion to disclose the increase in Level 3 fair value of financial assets:

Page 53 of the financial report shows that the “fair value measurement in the absence of an active market (Level 3 financial assets)” increased in 2025 compared to 2024. The valuation liquidity and risk of Level 3 financial assets were relatively high, yet no detailed explanatory note was found below the financial statements. I would like to suggest that the Company evaluate further disclosure of relevant details in the future to promote information transparency. In addition, may I ask what specific items were added this time?

(2)Progress and benefits of the five-year implementation of AI and robotic arms:

Page 101 of the annual report noted that, in response to the aging population and labor shortages in the industry, the Company fully launched the "Five-Year Plan for Introducing Robotic Arm Automation and AI-Enabled Intelligent Production." I would like to request an elaboration on the current implementation progress and timeline. In addition, how much manpower is this project expected to reduce, and how much operating costs is it expected to lower?

Response from the Company’s management team:

(1)Explanation for the increase in Level 3 financial assets

Accounting Manager supplement: The Level 3 financial assets added in the financial report mainly consisted of the Company’s reinvestment in "Taiwan Smart Electricity & Energy Co., Ltd. (TSEE)". Because it is an unlisted company, there is no quoted price in an active market; therefore, the Company must commission an external professional appraisal institution to perform a fair value assessment. Under accounting standards, it is classified as a “Level 3 financial asset.”

Chairman supplement: TSEE is a green energy strategic alliance established under government leadership last year (2025). Because it is difficult for an individual enterprise to obtain an offshore wind power procurement share on its own, the Company chose to jointly invest with several credible enterprises to establish TSEE, thereby enhancing overall credit rating and bargaining leverage, ensuring that the Company would be able to smoothly procure various offshore wind power projects in Taiwan in the future. This is the main reason for the increase in Level 3 financial assets on the books.

(2)Progress of the five-year implementation of AI and robotic arms

Chairman’s response: The original intent behind promoting automation was, first and foremost, to enhance employee workplace safety and improve the arduous working environment of the traditional steel industry, by replacing hazardous, labor-intensive processes with machinery rather than simply pursuing cost savings through layoffs. However, considering future opportunity costs, the number of people willing to enter the traditional steel industry has indeed been decreasing, and labor costs have been rising year by year. In the long term, the introduction of AI and robotic arms would indeed offer a high degree of cost-effectiveness.

General Manager's response: The Company plans to deploy 300 robotic arms across Tung Ho Steel's plants in Taiwan within five years. At present, the United States has the most mature automation technology among international steel mills. Introducing such technology to plants in Taiwan is fully feasible from a technical standpoint. The Board of Directors approved a capital expenditure plan of NT$4.15 billion, primarily for robotic arm deployment, energy saving and carbon reduction, and equipment upgrades. Based on a 15-year depreciation period, the annual depreciation expense would be approximately NT$270-280 million, translating into an additional cost of about NT$153 per ton based on an annual production volume of 1.8 million tons. Therefore, the management team’s performance metric is clear: the production benefits generated by automation and intelligentization have to exceed NT$153 per metric ton of steel to ensure that this capital investment would not affect existing profit and loss.

Current progress and employee protection: Contracts for more than 40 robotic arms systems were signed last year. These systems will be gradually deployed and put into operation this year. The robotic arms are already in operation at the Company's plants, demonstrating tangible results. Regarding the synergy between manpower and gross margin: Automation needs to be integrated with the software and craftsmanship experience passed down for more than 30 years by senior employees. Therefore, the Company assures all employees that it would never lay off staff because of the introduction of automation. The Company aims to gradually replace high-intensity manual labor with robotic automation.Additional explanation: Last year, to achieve the RE18 green electricity target, the Company’s total cost of purchased green electricity increased by more than NT$400 million compared with Taiwan Power Company charges, equivalent to an increase of NT$250 in cost per ton of steel. However, thanks to the efforts of all employees in improving production processes and implementing energy-saving measures, the Company's gross profit ratio for the same period increased rather than decreased. This proves that the Tung Ho Steel team possesses a high degree of operational resilience and execution capability amid the dual challenges of optimizing costs and advancing the low-carbon transition.

Resolution: after the voting, there are 629,179,956 votes in favor, which is 94.90% of the total shares; 25,833 votes against; 33,721,786 votes abstained; 0 invalid vote. The proposal by the Board of Directors was approved.

(II)Ratification of the 2025 Annual Earnings Distribution Table. (Board of Directors' proposal)

Description:

1. The Company's net income before tax for 2025 was NT$5,527,778,153. In addition, income tax expense was recognized as NT$806,844,081 and net profit after tax was NT$4,720,934,072 in accordance with Bulletin No. 12 of International Financial Reporting Standards.
2. For the year of 2025, except for the distribution of cash dividends, the remaining items in the annual earnings distribution table include the appropriations to the legal reserve and a special reserve for equity reductions, as well as reversals of the special reserve for climate change adaptation and mitigation and changes arising from the remeasurement of defined benefit plans for the current period. For details of the items and related explanations. Please refer to Attachment 7 of the Meeting Handbook for the items and descriptions.
3. Please ratify it.

Resolution: after the voting, there are 630,462,769 votes in favor, which is 95.10% of the total shares; 28,791 votes against; 32,436,015 votes abstained; 0 invalid vote. The proposal by the Board of Directors was approved.

5. Matter of discussion

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

Description:

1.In response to the Company's operational development needs and to comply with applicable laws and regulations, certain provisions of the Articles of Incorporation are proposed to be amended as follows:

(1).To align with government policies promoting energy transition, further the Company's sustainable development targets, and meet business development needs, it is proposed to add a new business item, "D101091 Renewable-Energy-Based Electricity Retailing Enterprise." Accordingly, the business activities set forth in Article 2 will be amended.

(2).Pursuant to Article 4, Paragraph 3 of the Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers, listed companies will be required, effective 2027, to ensure that the number of Independent Directors is not less than one-third of the seats on the Board of Directors. Accordingly, the provisions of Article 21 regarding the number of Independent Directors will be amended.

(3).In accordance with Article 14, Paragraph 6 of the Securities and Exchange Act and the Taiwan Stock Exchange Corporation's letter dated July 28, 2025 (Ref. No. Tai-Zheng-Shang-Yi-Zi No. 1141803266), Article 28 will be amended to explicitly stipulate the allocation ratio applicable to frontline employees.

(4).In accordance with Article 14, Paragraph 6 of the Securities and Exchange Act and the Taiwan Stock Exchange Corporation's letter dated July 28, 2025 (Ref. No. Tai-Zheng-Shang-Yi-Zi No. 1141803266), Article 28 will be amended to explicitly stipulate the allocation ratio applicable to frontline employees.

2.Please refer to Attachment 8 of the Meeting Handbook for the Comparison Table of Amendments to the "Articles of Incorporation".

3.Please discuss it.

Resolution: after the voting, there are 630,262,954 votes in favor, which is 95.07% of the total shares; 30,762 votes against; 32,633,859 votes abstained; 0 invalid vote. The proposal by the Board of Directors was approved.

6. Matters for Election

(I)Proposed election of the Directors (including independent Directors). (Board of Directors' proposal)

Description:

1.The 25th term of office of the Company's Directors will expire on May 30, 2026, and it is intended that all Directors will be re-elected ahead of schedule at the Annual Shareholders' Meeting.

2.Pursuant to the resolution of the 21st meeting of the 25th Board of Directors held on January 23, 2026, the 26th Board of Directors shall consist of 11 Directors (including 4 Independent Directors). The term of office shall be three years, from May 22, 2026 to May 21, 2029. The term of the 25th Board of Directors shall continue until the conclusion of this Annual General Shareholders’ Meeting. Please refer to Appendix 3 of the Meeting Handbook for for the list of candidates for directors.

3.Please refer to Attachment 9 of the Meeting Handbook for the list of candidates for directors

Results of the election: Please have the Chairman to announce the result of the election and elected name list.

Title	Shareholder account n umber or identification number	Name	Votes received
Director	0200222	Mao Sheng Investment Inc. Representative: Chieh-Teng Ho	658,903,705 Votes
Director	0273462	Ho Jao Investment Co., Ltd. Representative: Yu-Shu Ho	604,717,050 Votes
Director	0200222	Mao Sheng Investment Inc. Representative: Chi-Hsieh Lin	563,766,400 Votes
Director	0273462	Ho Jao Investment Co., Ltd. Representative: Kuan-Ren Guu	562,397,296 Votes
Director	0210549	Han Lei Investment Co. Representative:Chih-Ming Huang	561,167,521 Votes
Director	0206031	Ji-cheng Investment Inc. Representative: Pao-Ho Chen	560,005,665 Votes
Director	0433149	ORION INVESTMENT CO., LTD. Representative: Yen-Liang Hou	559,801,870 Votes

Independent Director	E10240****	Jih-Gang Liu	557,741,729 Votes
Independent Director	A22374****	Chia-Wen Liu	557,655,715 Votes
Independent Director	A12357****	Ming-Te Sun	557,501,390 Votes
Independent Director	N22013****	Wen-Ling Ko	557,429,108 Votes

7. Other Proposal

(I)Removal of the Non-compete Clause for new appointed Directors and their representatives. (Board of Directors' proposal)

Description:

1.It shall be handled in accordance with Article 209-1 of the Company Act, "A Director who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval".

2.Some Director nominees of the Company (including representatives appointed by corporate shareholders) may invest in or operate other companies engaged in the same or similar lines of business as the Company, and may serve, or appoint representatives to serve, as Directors or Mangerial Officers of such companies. Provided that the Company’s interests are not prejudiced, it is proposed, pursuant to Article 209 of the Company Act, that the shareholders’ meeting approve the release of non-compete restrictions on the newly elected Directors.

3.For details regarding the non-compete activities of the nominees for Directors and Independent Directors of the 26th Board of Directors. Company. Please refer to Attachment 10 of the Meeting Handbook for the detailed competition conditions. The actual elected directors (including independent directors) shall prevail.

4.Please discuss it.

Title	Name	Concurrent employment	Resolution
Corporate shareholder	Mao Sheng Investment Inc.	Supervisor of Katec R&D Corporation	after the voting, there are 620,496,889 votes in favor, w hich is 93.59% of the total shares; 4,566,603 votes against; 37,864,083 votes abstained; 0 invalid

Title	Name	Concurrent employment	Resolution
			vote. The proposal by the Board of Directors was approved.
Director	Mao Sheng Investment Inc. Representative: Chieh-Teng Ho	Chairman of Tung Kang Steel Structure Corporation Director of Tung Kang Engineering & Construction Corp. Chairman of Tung Sugar Energy Service Co., Ltd. Chairman of Far East Steel Inc. Chairman of Eturnity Corp. Director of Katec Creative Resources Corp. Director of Katec R&D Corporation Chairman of Shen Yuan Investment Co., Ltd. Chairman of Mao Sheng Investment Inc. Chairman of Wan Nian Department Stores Co., Ltd. Director of Ho-Jao Investment Co., Ltd. Chairman of Anyao Co., Ltd. Chairman of Ho Chuan Co., Ltd. Director of Shang Fu Industrial Inc. Director of Mingtai Yule Co., Ltd. Director of 3 Oceans International Inc. Director of Fujian Sino-Japan Metal Corp.	after the voting, there are 620,496,889 votes in favor, w hich is 93.59% of the total shares; 4,566,603 votes against; 37,864,083 votes abstained; 0 invalid vote. The proposal by the Board of Directors was approved.
Director	Mao Sheng Investment Inc. Representative: Chi-Hsieh Lin	Chairman of Fujian Sino-Japan Metal Corp. Director of 3 Oceans International Inc. Director of Duc Hoa International Inc. Director of Shiao Kang Warehousing Co., Ltd.	after the voting, there are 620,496,889 votes in favor, w hich is 93.59% of the total shares; 4,566,603 votes against; 37,864,083 votes abstained; 0 invalid vote. The proposal by the

Title	Name	Concurrent employment	Resolution
			Board of Directors was approved.
Director	Ho Jao Investment Co., Ltd. Representative: Yu-Shu Ho	Chairman of Ho Jao Investment Co., Ltd. Director of Earle Ho and Sons, Ltd. Director of Mao Sheng Investment Inc. Director of Fancy Star Investment Limited Director of Anyao Co., Ltd. Director of Ho Chuan Co., Ltd. Director of Far East Steel Inc. Director of Eturnity Corp.	after the voting, there are 620,496,889 votes in favor, w hich is 93.59% of the total shares; 4,566,603 votes against; 37,864,083 votes abstained; 0 invalid vote. The proposal by the Board of Directors was approved.
Director	Ho Jao Investment Co., Ltd. Representative: Kuan-Ren Guu	Chairman of Tung kang Engineering & Construction Co., Ltd.	after the voting, there are 620,496,889 votes in favor, w hich is 93.59% of the total shares; 4,566,603 votes against; 37,864,083 votes abstained; 0 invalid vote. The proposal by the Board of Directors was approved.
Director	Han Lei Investment Co. Representative: Chih-Ming Huang	Head of Han Lei Investment Co. Supervisor of Far East Steel Inc. Head of Yutai Investment Inc. Supervisor of Hsie Ho Refractory Industrial Co., Ltd.	after the voting, there are 620,496,889 votes in favor, w hich is 93.59% of the total shares; 4,566,603 votes against; 37,864,083 votes abstained; 0 invalid vote. The proposal by the Board of Directors was approved.
Director	Ji-cheng Investment Inc. Representative: Pao-Ho Chen	Chairman of Ji-cheng Investment Inc. Chairman of Liang Cheng Investment Co., Ltd. Chairman of He-cheng Investment Inc. Chairman of Jian-qing	after the voting, there are 620,496,889 votes in favor, w hich is 93.59% of the total shares; 4,566,603 votes against; 37,864,083 votes abstained; 0 invalid

Title	Name	Concurrent employment	Resolution
		Investment Inc. Chairman of Shuizhiyuan Bio-Technology Co., Ltd. Director of Chin Chun Industrial Inc. Director of Hsu Ching Energy Application Co., Ltd. General Manager of Zhucheng Construction Co., Ltd.	vote. The proposal by the Board of Directors was approved.
Director	ORION INVESTMENT CO., LTD. Representative: Yen-Liang Hou	Chairman of ORION INVESTMENT CO., LTD. Chairman of Enzen GS Chemical Co., Ltd. Chairman of Yu Cheng International Co., Ltd. Chairman of Sensuous Biotech Co., Ltd. Director, Apply Information Service Corp., Ltd. Director, Rui He Ting Construction Development Co., Ltd.	after the voting, there are 620,496,889 votes in favor, w hich is 93.59% of the total shares; 4,566,603 votes against; 37,864,083 votes abstained; 0 invalid vote. The proposal by the Board of Directors was approved.
Independent Director	Ming-Te Sun	Independent Director of Chung Hung Steel Corp.	after the voting, there are 620,496,889 votes in favor, w hich is 93.59% of the total shares; 4,566,603 votes against; 37,864,083 votes abstained; 0 invalid vote. The proposal by the Board of Directors was approved.
Independent Director	Wen-Ling Ko	Director and Spokesperson of Tong Ming Enterprise Co., Ltd. General Manager of Winlink Fasteners Co., Ltd. General Manager, Dongying Trading (Jiaxing) Co., Ltd. Director, Brighton-Best International (Taiwan) Inc.	after the voting, there are 620,496,889 votes in favor, w hich is 93.59% of the total shares; 4,566,603 votes against; 37,864,083 votes abstained; 0 invalid vote. The proposal by the Board of Directors was approved.

8. **Extempore Motions: None.**

9. **Adjournment: at 12:01 pm on the same day**

Chairman: Ho, Chieh-Teng   Recorders: Lin, Yu-Hsuan, Wu, Cheng-Pei