Stock Code: 2010

Chun Yuan Steel Industry Co., Ltd.

2025 Annual Report

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https://www.cysco.com.tw

Notice to readers：

This is an English translation of the annual report (Chinese version), prepared by CHUN YUAN STEEL INDUSTRY CO., LTD. (the “Company”). If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail. This translation is intended for reference only and nothing else , the company hereby disclaims any and all liabilities whatsoever for the translation. The Chinese version of the annual report shall govern any and all matters related to the interpretation of the subject matter stated herein.

I. Spokesperson/deputy spokesperson

Name: HUNG, SHIH-MIN / HSIEH, YU-HSIA

Title: President / Deputy Vice President

Tel.: (02)2501-8111

Email: jim@cysco.com.tw / anne@cysco.com.tw

II. Address and telephone of headquarter, plants, and business offices

Headquarter	6 and 7F., No.502, Fuxing N. Rd., Jhongshan Dist., Taipei City	Tel.: (02)2501-8111
Commercial Steel Xizhi Plant	No. 565, Sec. 3, Datong Rd., Xizhi Dist., New Taipei City	Tel.: (02)8648-6111
Commercial Steel Kaohsiung Plant	No.5, Shiquan Rd., Xiaogang Dist., Kaohsiung City	Tel.: (07)802-2187
Commercial Steel Tucheng Branch office	No.3, Ziyou St., Tucheng Dist, New Taipei City	Tel.: (02)2268-5209
Commercial Steel Taoyuan Branch office	No.299, Nanshang Rd., Guishan Dist., Taoyuan City	Tel.: (03)352-4363
Commercial Steel Xizhi Branch office	No. 565, Sec. 3, Datong Rd., Xizhi Dist., New Taipei City	Tel.: (02)8647-7096
Commercial Steel Hsinchu Branch office	No. 5, Ln. 374, Niupu S. Rd., Xiangshan Dist., Hsinchu City	Tel.: (03)538-5163
Commercial Steel Tainan Branch office	No. 329, Anxin 1st Rd., Anding Dist., Tainan City	Tel.: (06)593-5905
Commercial Steel Taichung Branch office	No. 20, Gongyequ 37th Rd., Xitun Dist., Taichung City	Tel.: (04)2350-3366
Electrical Steel Taichung Plant	No. 13, Gongyequ 25th Rd., Nantun Dist., Taichung City	Tel.: (04)2359-2111
Special Steel Tucheng Branch office	No.51, Rixin St., Tucheng Dist., New Taipei City	Tel.: (02)2262-2276
Special Steel Longtan Branch office	No. 236, Sec. Bade, Shengting Rd., Longtan Dist., Taoyuan City	Tel.: (03)480-4462
Special Steel Taichung Branch office	No. 501-1, Wuguang Rd., Wuri Dist., Taichung City	Tel.: (04)2338-4688
Special Steel Tainan Branch office	No. 329, Anxin 1st Rd., Anding Dist., Tainan City	Tel.: (06)593-5828
Special Steel Kaohsiung Branch office	No. 10, Yanhai 2nd Rd., Xiaogang Dist., Kaohsiung City	Tel.: (07)806-0888
Special Steel Strip Rolling Plant	No. 236, Sec. Bade, Shengting Rd., Longtan Dist., Taoyuan City	Tel.: (03)489-2131
Automated Storage System Plant	No. 236, Sec. Bade, Shengting Rd., Longtan Dist., Taoyuan City	Tel.: (03)489-2131
Steel Structure Longtan Plant	No. 236, Sec. Bade, Shengting Rd., Longtan Dist., Taoyuan City	Tel.: (03)489-2131
Steel Structure Kaohsiung Plant	No. 10, Yanhai 2nd Rd., Xiaogang Dist., Kaohsiung City	Tel.: (07)802-2187

III. Share transfer agent

Finance Department, Chun Yuan Steel Industry Co., Ltd.
Address: 4F., No. 502, Fuxing N. Rd., Jhongshan Dist., Taipei City
Tel.: (02)2501-8111 Website: https://www.cysco.com.tw

IV. Certifying CPAs for the financial reports of the most recent year:

Name: Wang Wu Chang CPA and Chen Kui Mei CPA
Accounting firm: Crowe (TW) CPAs
Address: 10F., No. 369, Fuxing N. Rd., Taipei City
Tel.: (02)8770-5181
Website: https://www.crowe.com/tw

V. Overseas securities exchange: None

VI. Company website: https://www.cysco.com.tw

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Reviewing the operating environment in 2025, the global economy was driven by the rapid expansion of artificial intelligence (AI) applications, which spurred strong related demand. Trade momentum across countries generally strengthened. Amid the combined effects of substantial investments in AI and a global environment in which central banks, led by the U.S. Federal Reserve, were poised to lower interest rates, despite the uncertainties surrounding Trump's tariff policies and geopolitical risks, the global economy in 2025 still demonstrated resilience beyond expectations.

Domestically, benefiting from strong global demand for AI applications and semiconductor exports far exceeding expectations, the related industrial supply chain and exports experienced robust growth. The Directorate-General of Budget, Accounting and Statistics (DGBAS) projected an economic growth rate of 8.63% for 2025, reaching a new high in nearly 15 years. However, growth momentum was primarily concentrated in electronics and cybersecurity products, while traditional steel-consuming industries such as transportation and machine tools had yet to recover. In addition, the contraction in domestic housing transactions and the decline in construction project launches adversely affected domestic steel demand and pricing in 2025. Nevertheless, by actively capturing demand from the construction of technology plant facilities and large-scale urban redevelopment projects, and through the joint efforts of all Chun Yuan employees both domestically and overseas, the Company achieved consolidated revenue of NT$24,189 million and consolidated profit before tax of NT$1,865 million in 2025, delivering strong results in both revenue and profitability.

Looking ahead to 2026, the Directorate-General of Budget, Accounting and Statistics (DGBAS) has significantly revised the economic growth forecast upward from the original 3.54% to 7.71%, while export growth has surged from 6.32% to 22.22%, indicating that economic momentum is expected to continue. However, we must continue to closely monitor international developments, including geopolitical conflicts in the Middle East, U.S. tariff policies, whether the AI boom will continue to thrive, the policy stance of the new Fed Chair, and whether China's economy will recover.

In terms of steel demand, the World Steel Association forecasts that global steel demand in 2026 is expected to increase slightly by 1.3% to 1.772 billion tons. There are three key favorable factors for the steel market this year. First, China will strengthen steel export management, which is expected to curb the dumping of low-priced steel and help Asian steel prices bottom out. Second, as the United States enters an interest rate-cutting cycle, momentum in infrastructure and manufacturing is set to recover. Finally, steel inventories in Europe have fallen to historically low levels, driving restocking demand, and combined with infrastructure momentum in Southeast Asia, steel demand in 2026 is expected to remain positive.

Outlook for major domestic steel-consuming industries:

In the transportation sector, as Taiwan-U.S. tariff policies become clearer and market concerns dissipate, inventories of imported vehicles across brands are expected to be gradually reduced. Coupled with the continued effect of commodity tax reduction subsidies and expanded promotional efforts, a new wave of vehicle purchases is anticipated. Toyota Motor Corporation of Japan has indicated that it will leverage Taiwan's automotive production capacity to market to other global markets, including re-exporting to Japan. Taiwan is expected to become the "fourth production region" outside Japan's three primary production bases. Taiwan's automotive manufacturing will become more solid under Toyota's global strategy, and steel demand in 2026 is projected to recover.

In the machinery sector, driven by sustained growth in demand for semiconductor equipment and AI applications, Taiwan's machinery and equipment output value in 2026 is expected to continue growing, with an annual increase of 4% to 6%.

In the warehousing and logistics sector, there remains stable demand for cold chain logistics warehouses and general logistics storage facilities. With the evolution of domestic consumption patterns and the development of urban commercial districts, there is also a significant increase in demand for logistics equipment expansion.

In the construction sector, the residential property market has been impacted by tightened mortgage lending and credit controls, with overall activity remaining at a relatively low level. Looking ahead, the housing market will face greater uncertainty. However, the commercial property sector is benefiting from growth in high-tech companies, and this momentum is expected to continue into 2026. In addition, with ongoing public infrastructure projects and large-scale private urban redevelopment initiatives, the overall outlook for the construction industry can be viewed with cautious optimism, and the steel structure sector is expected to maintain the strong momentum seen in 2025.

Looking ahead, the Company will sustain growth momentum by adopting a strategy of leveraging existing products and markets to cultivate new products and markets. In response to the accelerated pace of the broader environment, we must expedite the development of new products and markets and keep pace with evolving trends. In particular, the Company's business operations should further penetrate the technology industry, the heavy electrical equipment sector, and profitable product markets, enabling Chun Yuan's diversification to keep pace with the times. Only through continuous renewal and improvement can we proceed steadily, pave a broad path for the future, and sustain operations with distinction. As long as we strictly adhere to the Company's rules and regulations, uphold an attitude of integrity, confidence, diligence, and responsibility, and work together to pursue our goals while striving for innovation and embracing change to expand future opportunities with full commitment, this year will surely be a fruitful one.

Finally, we would like to express our sincere gratitude to all esteemed shareholders for your long-standing support of Chun Yuan. Going forward, we will continue to enhance the Company's value and create maximum returns for shareholders to reciprocate your support, and we sincerely look forward to your continued support and guidance.

Chairman TSAI, HSI-YU

President HUNG, SHIH-MIN

I. Information on directors, supervisors, presidents, vice presidents, Assistant Vice Presidents, and managers of divisions and branch units:

(I) Information of directors and supervisors

February 28, 2026

Title	Nationality or place of registration	Name	Gender/Age	Date of election (inauguration)	Term	Date when first elected	Shareholding when elected		Current shareholding		Shareholding of spouses and underage children		Shareholding through others		Main experience/educational background	Positions concurrently served in the Company and other companies	Other managerial officers, directors, or supervisors to whom they are a spouse or relative within second degree of kinship			Remarks
							Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)			Title	Name	Relation	
Chairman	Republic of China	Tsai Hsi-Yu	Male 71~80	2025.6.19	Three years	2001.4.29	17,844,010	2.76%	17,844,010	2.76%	10,453,871	1.61%	0	0%	Hsing Wu College of Business	-	Director	Tsai Hsi-Chi	Brother	-
Director	Republic of China	Tsai Hsi-Chi	Male 71~80	2025.6.19	Three years	1989.3.30	24,035,799	3.71%	22,830,799	3.53%	8,525,746	1.32%	0	0%	Shih Shin High School of Commerce and Industry	Director of Sinkang Industries Co., Ltd.	Director Deputy Vice President	Tsai Hsi-Yu Tsai, Teng-Wei	Brother Father and son	-
Director	Republic of China	Wu Mei-Ying	Female 61~70	2025.6.19	Three years	1989.3.30	12,780,790	1.97%	12,780,790	1.97%	30,000,000	4.63%	0	0%	National Chengchi University Business Administration	-	Director Director	Lee Wen-Lung Lee Wen-Fa	Spouse Brother-in-law	-
Director	Republic of China	Cheng Yi-Ming	Male 71~80	2025.6.19	Three years	1989.3.30	17,179,211	2.65%	9,479,211	1.46%	1,042,407	0.16%	21,763,000	3.36%	Ming Cheng University , Japan department of law	Director of Sinkang Industries Co., Ltd.	Deputy Vice President	Cheng, Yao-Ren	Father and son	-
Director	Republic of China	Lee Wen-Fa	Male 71~80	2025.6.19	Three years	1989.3.30	36,300,321	5.60%	36,300,321	5.60%	0	0%	0	0%	Nihon University Department of Economics	Director of Sinkang Industries Co., Ltd.	Director Director	Lee Wen-Lung Wu Mei-Ying	Brother Sister-in-Law	-
Director	Republic of China	Cheng Chieh-Wen	Female 41~50	2025.6.19	Three years	2025.6.19	387,216	0.06%	387,216	0.06%	0	0%	0	0%	Master of Architecture, Nuova Accademia di Belle Arti	Chairman of Amity New Co., Ltd.	-	-	-	-
Director	Republic of China	Tsai Cheng-Ting	Male 51~60	2025.6.19	Three years	2016.6.16	7,252,202	1.12%	7,331,602	1.13%	0	0%	0	0%	City University of New York - Baruch College Master of Science In Finance	Chairman etc. of Sinkang Industries Co., Ltd.	-	-	-	-
Director	Republic of China	Detaiyu Investment Co., Ltd.	-	2025.6.19	Three years	2022.6.23	40,000	0.01%	40,000	0.01%	0	0%	0	0%	-	-	-	-	-	-
	Republic of China	Representative: Lee Wen-Lung	Male 71~80	2025.6.19	-	1989.3.30	30,000,000	4.63%	30,000,000	4.63%	12,780,790	1.97%	0	0%	Hsing Wu College of Commerce Tourism Section	Director of Sinkang Industries Co., Ltd.	Director Director	Wu Mei-Ying Lee Wen-Fa	Spouse Brother	-

Title	Nationality or place of registration	Name	Gender/Age	Date of election (inauguration)	Term	Date when first elected	Shareholding when elected		Current shareholding		Shareholding of spouses and underage children		Shareholding through others		Main experience/educational background	Positions concurrently served in the Company and other companies	Other managerial officers, directors, or supervisors to whom they are a spouse or relative within second degree of kinship			Remarks
							Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)			Title	Name	Relation	
Independent Director	Republic of China	Hsu Li-Ming	Male 41~50	2025.6.19	Three years	2016.6.16	0	0%	0	0%	0	0%	0	0%	Tamkang University Master of Business Administration	Accountant of RSM Taiwan Independent Director of Sinkang Industries Co., Ltd.	-	-	-	-
Independent Director	Republic of China	Liu Huang-Chi	Male 51~60	2025.6.19	Three years	2023.6.15	0	0%	0	0%	0	0%	0	0%	Master of Law, Tunghai University Judge of Taipei District Court Judge and Presiding Judge of Taipei District Court Independent Director of Taiwan Life Insurance Co., Ltd. Independent Director of CTBC Life Insurance Co., Ltd.	Independent Director of Mayer Steel Pipe Corporation Independent Director of UNION INSURANCE CO., LTD. Independent Director of A.G.V. Products Corporation Vice Chairman of LONG BON INTERNATIONAL CO., LTD.	-	-	-	-
Independent Director	Republic of China	Liu Tsung-Te (Note)	Male 71~80	2025.6.19	Three years	2025.6.19	7,023	0%	7,023	0%	0	0%	0	0%	Doctor of Laws, Nagoya University, Japan Distinguished Professor, National Chengchi University Independent Director, Tatung Company Independent Director, Taiwan Sugar Corporation	Adjunct Chair Professor, Chinese Culture University Director, Chinese Culture University	-	-	-	-

Note: Liu Tsung-Te previously served as a director of the Company from June 22, 1995 to June 16, 1998.

Major shareholders of juridical person shareholders

March 31, 2026

Name of corporate shareholder	Major shareholders of juridical person shareholders
Detaiyu Investment Industrial Limited	Li Chi-Wei 83%, Wu Mei-Ying 17%

Information of directors

1. **Information disclosure for professional qualification and experience of directors and independent directors' independence:**

March 31, 2026

Qualification / Name	Professional qualification and experience Note 1	Independence status	Number of other public companies where they concurrently serve as independent director
Tsai Hsi-Yu	Having five years work experience in commerce and finance, and experience require by the Company's business	N/A	0
Tsai Hsi-Chi	Having five years work experience in commerce and finance, and experience require by the Company's business		0
Wu Mei-Ying	Having five years work experience in commerce and finance, and experience require by the Company's business		0
Cheng Yi-Ming	Having five years work experience in commerce and finance, and experience require by the Company's business		0
Lee Wen-Fa	Having five years work experience in commerce and finance, and experience require by the Company's business		0
Cheng Chieh-Wen	Having five years work experience in commerce and finance, and experience require by the Company's business		0
Tsai Cheng-Ting	Having five years work experience in commerce and finance, and experience require by the Company's business		0
Lee, Wen-Lung Note 2	Having five years work experience in commerce and finance, and experience require by the Company's business		0
Hsu Li-Ming	Having five years work experience in finance and accounting, and passed a national examination and been awarded a certificate as an accountant.	The Company's independent director, and in the annual independent director qualification review during the year of election and during the term of office required by the competent authority, showing the conformity to the independence requirement, and meeting the requirement in Article 3 and 5 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	1
Liu Huang-Chi	Having five years work experience in commerce, law and finance, and passed a national examination and been awarded a certificate as judge and attorney.		3
Liu Tsung-Te	Has more than five years of experience as a lecturer in law-related departments at public or private colleges and universities.		0

Note 1: During the current year up to the publication date of annual report, none of the director has any of the circumstances in the subparagraphs of Article 30 of the Company Act.
Note 2: The corporate represented by Lee,Wen-Lung: Detaiyu Investment Industrial Limited

2. **The board of directors' diversity and independence:**

(1) The board of directors' diversity

[Diversity Policy]

Pursuant to Article 20 of the Company's Corporate Governance Best Practice Principles regarding the competencies required of the Board of Directors as a whole, the composition of the Board of Directors shall be determined based on comprehensive considerations. In addition to the fact that the number of directors concurrently serving as managers of the Company should not exceed one-third of the total number of board seats, appropriate diversity policies shall be formulated in light of the Company's operating model and future business development needs, including but not limited to the following two major aspects:

◎ Basic conditions and values: Diversity in gender, age, nationality, and cultural background shall be considered.
◎ Professional knowledge and skills: Diverse professional backgrounds, expertise, and industry experience shall be considered to meet the Company's talent requirements.

The nomination and election of Board members is based on the company’s Articles of Incorporation, by adopting a candidate nomination system. According to the business mode and development plans of the Company, the Board members should have diversified skills related to the steel industry, management, accounting, and finance, to ensure the diversity and independence of directors.

Members of the Board of Directors possess the knowledge, skills, and competencies necessary to perform their duties. To achieve the objectives of corporate governance, the Board of Directors shall possess the following capabilities:

◎ Operational judgment capability.
◎ Accounting and financial analysis capability.
◎ Business management capability.
◎ Crisis management capability.
◎ Industry knowledge.
◎ International market perspective.
◎ Leadership capability.
◎ Decision-making capability.

[Diversity Objectives and Implementation Status]

The Company places importance on the composition of the Board of Directors in terms of expertise and gender. Among them, the target proportion for expertise in law, finance, and accounting is at least one-eleventh each; the target proportion for industry knowledge expertise is at least one-half; and the target proportion of female directors is at least one-eleventh.

The Board of Directors has the necessary professional knowledge, skills and literacy to perform its duties. With diversified background and practical experience, it can continue to strengthen the Company’s governance and operational synergies.

Due to the fact that experts and professionals with backgrounds and knowledge in the steel industry are predominantly male, the pool of female director candidates is relatively limited. At the time of the comprehensive re-election of directors at the annual general shareholders' meeting on June 19, 2025, the Company added one female director seat and currently has two female directors. The Company will adopt a gradual approach to increasing the proportion of female directors and will progressively raise the proportion to one-third in the future.

◎ Implementation status of the Board of Directors diversity policy: Please refer to the table on page 24.

(2) The board of directors’ independence

The Company’s board comprises 11 directors, including 3 independent directors. None of the directors fall under the conditions specified in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act. For information on spousal or second-degree kinship relationships among board members, please refer to “(I) Information of Directors and Supervisors.” In conclusion, the Board of Directors maintains a high level of independence.

(II) Information on the President, Vice Presidents, Assistant Vice Presidents, and managers of divisions and branch units

February 28, 2026

Title	Nationality	Name	Gender	Date of election (inauguration)	Shareholding		Shareholding of spouses and underage children		Shareholding through others		Main experience/educational background	Positions concurrently serving in other companies	Managerial officer who is a spouse or relative within the second degree of kinship			Remarks
					Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)			Title	Name	Relation	
President (concurrent Vice President)	Republic of China	Hung Shih-Min	Male	Inaugurated on August 6, 2022	440,695	0.07%	0	0.00%	0	0%	Feng Chia University	Director of Chun Yuan Construction Co., Ltd.	-	-	-	-
Vice President	Republic of China	Chiang, Ming-Chi	Male	Inaugurated on January 1, 2024	2,220	0.00%	7,592	0.00%	0	0%	Chung Yuan Christian University	None	-	-	-	-
Deputy Vice President Note 1	Republic of China	Tsai, Teng-Wei	Male	Assumed office on March 13, 2025	1,450,000	0.22%	0	0.00%	0	0%	San Jose State University	Director of Chun Yuan Construction Co., Ltd.	-	-	-	-
Deputy Vice President	Republic of China	Ao, Kuo-Yi	Male	Inaugurated on May 5, 2023	3,768	0.00%	0	0.00%	0	0%	Chinese Culture University	None	-	-	-	-
Deputy Vice President	Republic of China	Chang, Chin-Yuan	Male	Inaugurated on January 1, 2024	0	0.00%	0	0.00%	0	0%	National Cheng Kung University	None	-	-	-	-
Deputy Vice President Note 2	Republic of China	Cheng, Yao-Ren	Male	Assumed office on March 13, 2025	1,321,150	0.20%	30,000	0.00%	0	0%	University of British Columbia	Director of Chun Yuan Construction Co., Ltd.	-	-	-	-
Associate Vice President (concurrently serving as Finance Manager and Corporate Governance Officer)	Republic of China	Hsieh, Yu-Hsia	Female	Inaugurated on January 1, 2024	0	0.00%	0	0.00%	0	0%	National Taiwan University	Supervisor of Chun Shyang Shin Yeh Industry Co., Ltd.	-	-	-	-
Accounting Officer (Manager)	Republic of China	Lin, Yi-Chun	Female	Inaugurated on November 10, 2020	0	0.00%	0	0.00%	0	0%	Shih Chien University	Supervisor of Chun Yuan Construction Co., Ltd.	-	-	-	-

Note 1: Since March 13, 2025, has served as Associate Vice President of the Company's 1st Business Segment.

Note 2: Since March 13, 2025, has served as Associate Vice President of the Company's Construction Division.

II. Remunerations to directors, supervisors, presidents, and vice presidents in the recent year

(I) Remunerations to directors and independent directors

Unit: NT$

Title	Name	Remunerations to Directors								Sum of A, B, C, and D as percentage of net income after tax (%)		Remuneration from concurrently serving as employees								Sum of A, B, C, D, E, F, and G as percentage of net income after tax (%)		Remuneration from investees other than subsidiaries or from the parent company
		Wages (A)		Severance pay and pension (B)		Compensation for directo (C)		Service expense (D)				Wages, bonuses, and special allowances, etc. (E)		Severance pay and pension (F)		Employee compensation (G)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
																Cash amount	Share amount	Cash amount	Share amount			
Chairman	Tsai Hsi-Yu	0	0	0	0	13,254,090	As left	2,880,000	As left	1.07%	As left	13,396,957	As left	0	0	236,943	0	236,943	0	1.96%	As left	949,767
Director	Tsai Hsi-Chi																					
Director	Cheng Yi-Ming																					
Director	Tsai Cheng-Ting																					
Director	Lee Wen-Fa																					
Director	Wu Mei-Ying																					
Director	Cheng Chieh-Wen Note 1																					
Director	Detaiyu Investment Industrial Limited Representative: Lee Wen-Lung																					
Independent Director	Tseng Yung-Fu Note 2	0	0	0	0	5,277,963	As left	1,345,500	As left	0.44%	As left	0	As left	0	0	0	0	0	0	0.44%	As left	0
Independent Director	Hsu, Li-Ming																					
Independent Director	Liu Huang-Chi																					
Independent Director	Liu Tsung-Te Note 3																					

Note 1: Appointed on June 19, 2025; Note 2: Relieved of duties on June 19, 2025; Note 3: Appointed on June 19, 2025.

1. Please state the remuneration policies, systems, standards and packages for independent directors, and the connection of the factors, such as responsibilities, risk and spent hours, with the amount of remuneration:
   The policy governing remunerations paid to the independent directors is specified in the Articles of Incorporation. The Board of Directors is authorized to determine it based on their engagement in and contributions to the corporate governance, and subject to the approval of the shareholders' me
2. Other than the remuneration disclosed in the above table, the remuneration received by any of the Company's directors by providing services (e.g., as an advisor other than employee of the parent/ all companies included in the financial statement/reinvestees) in the most recent year: None.

Ranges of the directors’ remunerations

Unit: NT$

Range of remunerations paid to each director of the Company	Name of Director			
	Sum of foregoing four items (A+B+C+D)		Sum of foregoing seven items (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements	The Company	The parent company and all investees
Below NT$1,000,000				
1,000,000 (inclusive) to 2,000,000 (exclusive)	Cheng Chieh-Wen, Tseng Yung-Fu, Liu Tsung-Te	Cheng Chieh-Wen, Tseng Yung-Fu, Liu Tsung-Te	Cheng Chieh-Wen, Tseng Yung-Fu, Liu Tsung-Te	Cheng Chieh-Wen, Tseng Yung-Fu, Liu Tsung-Te
2,000,000 (inclusive) to 3,500,000 (exclusive)	Tsai Hsi-Yu, Tsai Hsi-Chi Cheng Yi-Ming, Tsai Cheng-Ting Lee Wen-Fa, Wu Mei-Ying Hsu, Li-Ming; Liu, Huang-Chi Detaiyu Investment Industrial Limited Representative: Lee Wen-Lung	Tsai Hsi-Yu, Tsai Hsi-Chi Cheng Yi-Ming, Tsai Cheng-Ting Lee Wen-Fa, Wu Mei-Ying Hsu, Li-Ming; Liu, Huang-Chi Detaiyu Investment Industrial Limited Representative: Lee Wen-Lung	Tsai Hsi-Yu, Tsai Hsi-Chi Cheng Yi-Ming, Tsai Cheng-Ting Lee Wen-Fa, Wu Mei-Ying Hsu, Li-Ming; Liu, Huang-Chi Detaiyu Investment Industrial Limited Representative: Lee Wen-Lung	Tsai Hsi-Yu, Tsai Hsi-Chi Cheng Yi-Ming, Tsai Cheng-Ting Lee Wen-Fa, Wu Mei-Ying Hsu, Li-Ming; Liu, Huang-Chi Detaiyu Investment Industrial Limited Representative: Lee Wen-Lung
3,500,000 (inclusive) to 5,000,000 (exclusive)				
5,000,000 (inclusive) to 10,000,000 (exclusive)				
10,000,000 (inclusive) to 15,000,000 (exclusive)				
15,000,000 (inclusive) to 30,000,000 (exclusive)				
30,000,000 (inclusive) to 50,000,000 (exclusive)				
50,000,000 (inclusive) to 100,000,000 (exclusive)				
Over 100,000,000				
Total	12 persons	12 persons	12 persons	12 persons

(II) Remunerations to the President and Vice Presidents

Unit: NT$

Title	Name	Wages (A)		Severance pay and pension (B)		Bonuses and special allowances (C)		Employee compensation (D)				Sum of A, B, C, and D as percentage of net income after tax (%)		Remuneration from investees other than subsidiaries or from the parent company
								The Company		All companies included in the financial statements				
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	Cash amount	Share amount	Cash amount	Share amount	The Company	All companies included in the financial statements	
President (concurrent Vice President)	Hung Shih-Min	4,809,144	As left	5,897,475	As left	29,961,343	As left	226,843	—	226,843	—	2.70%	As left	95,377
Vice President [Note]	Huang, Chun-Yung													
Vice President	Chiang, Ming-Chi													

Note: Huang Chun-Yung retired on July 9, 2025; the period for which Vice President remuneration was paid in 2025 was from January 1, 2025 to July 9, 2025.

Ranges of the President and Vice Presidents' Remunerations

Unit: NT$

Range of remunerations paid to each President and Vice President of the Company	Name of President and Vice President	
	The Company	The parent company and all investees
Below NT$1,000,000		
1,000,000 (inclusive) to 2,000,000 (exclusive)		
2,000,000 (inclusive) to 3,500,000 (exclusive)	Huang, Chun-Yung	Huang, Chun-Yung
3,500,000 (inclusive) to 5,000,000 (exclusive)		
5,000,000 (inclusive) to 10,000,000 (exclusive)		
10,000,000 (inclusive) to 15,000,000 (exclusive)		
15,000,000 (inclusive) to 30,000,000 (exclusive)	Hung, Shih-Min Chiang, Ming-Chi	Hung, Shih-Min Chiang, Ming-Chi
30,000,000 (inclusive) to 50,000,000 (exclusive)		
50,000,000 (inclusive) to 100,000,000 (exclusive)		
Over 100,000,000		
Total	3 persons	3 persons

(III) Managerial officers receiving employee remunerations and state of distribution

March 19, 2026 Unit: NT$

	Title	Name	Share amount	Cash amount	Total	Sum as percentage of net income after tax (%)
Managerial Officer	President (concurrent Vice President)	Hung Shih-Min	0	575,652	575,652	0.038%
	Vice President	Huang, Chun-Yung				
	Vice President	Chiang, Ming-Chi				
	Deputy Vice President [Note 1]	Tsai, Teng-Wei				
	Deputy Vice President	Ao, Kuo-Yi				
	Deputy Vice President	Chang, Chin-Yuan				
	Deputy Vice President [Note 2]	Cheng, Yao-Ren				
	Finance Officer (Assistant Vice President) (concurrently serving as Finance Officer and Corporate Governance Officer)	Hsieh, Yu-Hsia				
	Accounting Officer (Manager)	Lin, Yi-Chun				

Note 1: Since March 13, 2025, has served as Associate Vice President of the Company's 1st Business Segment;
Note 2: Since March 13, 2025, has served as Associate Vice President of the Company's Construction Division.

(IV) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by the Company and by each other company included in the consolidated financial statements during the most recent 2 fiscal years to directors, supervisors, president, and vice presidents, and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure

Unit: NT$

Sum of remunerations as percentage of net income after tax (%) / Year	The Company		All companies in the consolidated reports	
	Total amount of remunerations paid to directors, supervisors, presidents, and vice presidents	Sum as percentage of net income after tax (%)	Total amount of remunerations paid to directors, supervisors, presidents, and vice presidents	Sum as percentage of net income after tax (%)
2024	45,541,319	4.26%	45,541,319	4.26%
2025	57,528,040	3.82%	57,528,040	3.82%
Description	The policy governing remunerations paid to the directors is specified in the Articles of Incorporation. The Board of Directors is authorized to determine the remunerations of the chairman and the directors based on their participation in the operations of the Company and the value of their contributions while considering the usual level in the same industry, and is subject to the approval of the shareholders' meeting. The payment method of the president and vice presidents' remunerations is handled pursuant to the Company's standards.			

III. Status of Corporate Governance:

(I) Operation of the Board of Directors

1. The Board held 11 (A) meetings during the most recent year; the attendance of directors is summarized as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Chairman	Tsai Hsi-Yu	11	0	100%	Re-elected on June 19, 2025
Director	Tsai Hsi-Chi	10	1	91%	Re-elected on June 19, 2025
Director	Wu Mei-Ying	11	0	100%	Re-elected on June 19, 2025
Director	Cheng Yi-Ming	11	0	100%	Re-elected on June 19, 2025
Director	Lee Wen-Fa	10	1	91%	Re-elected on June 19, 2025
Director	Cheng Chieh-Wen	5	0	100%	Appointed on June 19, 2025 (should attend 5 meetings)
Director	Tsai Cheng-Ting	11	0	100%	Re-elected on June 19, 2025
Representative of juridical person director	Detaiyu Investment Industrial Limited, represented by Lee,Wen-Lung	11	0	100%	Re-elected on June 19, 2025
Independent Director	Tseng Yung-Fu	6	0	100%	Relieved of duties on June 19, 2025 (should attend 6 meetings)
Independent Director	Hsu Li-Ming	11	0	100%	Re-elected on June 19, 2025
Independent Director	Liu Huang-Chi	11	0	100%	Re-elected on June 19, 2025
Independent Director	Liu Tsung-Te	5	0	100%	Appointed on June 19, 2025 (should attend 5 meetings)

Other items to be stated:

I. Where the operation of the Board of Directors meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, opinions of all independent directors, and the Company's resolution of said opinions:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act:
The Company has established an Audit Committee. Pursuant to Article 14-5 of the Securities and Exchange Act, Article 14-3 of the Securities and Exchange Act is not applicable.
For relevant information, please refer to pages 42-43, " Key resolutions adopted by the Audit Committee."

(II) Other than the abovementioned matters, any resolution of the Board meeting to which a independent director has a dissenting or qualified opinion which is on record or stated in a written statement: None

II. Implementation of directors' recusals to proposals with personal interests; the name of director, proposal description, reason of recusal, and voting participation shall be specified:

All directors of the Company act in accordance with Article 16 (Recusal Due to Conflict of Interest) of the "Rules of Procedure for Board of Directors Meetings of Chun Yuan Steel Industry Co., Ltd.," which stipulates that if a director has a personal interest or represents a legal entity with an interest in any agenda item, the director shall disclose the material details of such interest at the relevant board meeting. Where there is a concern of prejudice to the interests of the Company, the director shall not participate in the discussion or voting, shall recuse themselves during the discussion and voting, and shall not exercise voting rights on behalf of other directors. Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

4th meeting of the Board of Directors in 2025

1. Content of the motion: Appointment of the Company's managers (Associate Vice Presidents) and removal of non-compete restrictions for newly appointed managers who were not originally serving as managers of the Company
2. Directors recused: Chairman Cheng Yi-Ming and Director Tsai Hsi-Chi
3. Reason for recusal: The aforementioned directors are relatives within the second degree of kinship of the appointed managers.
4. Participation in voting: Except for the relevant directors who recused themselves due to conflicts of interest, all other attending directors approved the motion without objection.

6th meeting of the Board of Directors in 2025

1. Content of motion: Approved the issuance of preferred shares for capital increase by Chun Yuan Construction Co., Ltd.
2. Directors recused: Chairman Cheng, Yi-Ming; Director Tsai, Hsi-Chi; Director Wu, Mei-Ying; Director Tsai, Hsi-Yu; Director Lee, Wen-Fa; Director Tsai, Cheng-Ting; Detaiyu Investment Industrial Limited (Corporate Representative: Lee, Wen-Lung); Independent Director Hsu, Li-Ming.
3. Reason for recusal: The above-mentioned directors are either directors of Chun Yuan Construction Co., Ltd., spouses or relatives within the second degree of kinship to its directors, or independent directors of the corporate director Sinkang Industries Co., Ltd.
4. Participation in voting: Except for the directors related to Chun Yuan Construction who recused themselves due to conflicts of interest, all other attending directors approved the motion without objection.

7th meeting of the Board of Directors in 2025

1. Content of the motion: Lease of a fourth-floor office on Fuxing N. Rd., Taipei City by Chun Yuan Steel Industry Co., Ltd. from the related party, Chun Yuan Construction Co., Ltd.
2. Directors recused: Chairman Cheng, Ye-Ming; Director Tsai, Hsi-Chi; Director Wu, Mei-Ying; Director Tsai, Hsi-Yu; Director Lee, Wen-Fa; Director Tsai, Cheng-Ting; Detaiyu Investment Industrial Limited (Corporate Representative: Lee, Wen-Lung); Director Cheng Chieh-Wen; Independent Director Hsu, Li-Ming.
3. Reason for recusal: The above-mentioned directors are either directors of Chun Yuan Construction Co., Ltd., spouses or relatives within the second degree of kinship to its directors, or independent directors of the corporate director Sinkang Industries Co., Ltd.
4. Voting results: Except for the directors related to Chun Yuan Construction who recused themselves due to conflicts of interest, all other attending directors approved the motion without objection.

7th meeting of the Board of Directors in 2025

1. Content of the motion: Appointment of members of the Company's Remuneration Committee.
2. Directors recused: Independent Director Hsu Li-Ming, Independent Director Liu Huang-Chi, and Independent Director Liu Tsung-Te
3. Reason for recusal: The aforementioned independent directors are members of the Remuneration Committee.
4. Participation in voting: Except for the aforementioned independent directors who recused themselves due to conflicts of interest, all other attending directors approved the motion without objection.

7th meeting of the Board of Directors in 2025

1. Content of the motion: Appointment of the Company's managers and removal of non-compete restrictions for newly appointed managers of the Company
2. Directors recused: Director Cheng Yi-Ming and Director Tsai Hsi-Chi
3. Reason for recusal: The aforementioned directors are relatives within the second degree of kinship of the appointed managers.
4. Participation in voting: Except for the aforementioned relevant directors who recused themselves due to conflicts of interest, all other attending directors approved the motion without objection.

III. TWSE or TPEx listed companies shall disclose the cycles and periods, scopes, methods, and descriptions of the self- (or peer) appraisal of the Board of Directors; and the implementation of the appraisal of the Board of Directors:

The Company has completed the 2025 self-evaluation of directors, and the implementation of the evaluation is as follows.

IV. Objective of enhancing the Board's functions in the current and recent years (e.g., establishing the Audit Committee or enhancing information transparency) and the assessment of the implementation:

The Company has completed the performance evaluation of the Board of Directors and functional committees for 2025, and the implementation of the evaluation is shown in the table below.

2. Implementation of Board of Directors Appraisal

Appraisal Cycle	Annually
Appraisal Period	From January 1, 2025 to December 31, 2025.
Appraisal Scope	Appraise the performance of the Board of Directors, directors, and functional committees (Audit Committee and Remuneration Committee included)
Appraisal Method	Conducted by means of self-assessment; the evaluation results will be submitted to the 2nd Board of Directors meeting in 2026 as a basis for review and improvement.
Appraisal Content	(I) The "Self-Assessment Questionnaire of the Board's Performance" is answered by the Chairman. The assessment includes five major aspects: participation in the operation of the Company, improvement of the quality of decision making of the Board of Directors, composition and structure of the Board of Directors, election of directors and continuing education, and the internal control, with a total of 26 questions. (II) The "Self-Assessment Questionnaire of the Board Member's Performance" is answered by each director. The six major aspects to be assessed include: grasp of the Company's objective and tasks, awareness of director's functions, participation in the operation of the Company, internal relationship and communication, specialty and continuing education of director, and internal control, with a total of 23 questions. (III) The "Self-Assessment Questionnaire of the Audit Committee's Performance" and the "Self-Assessment Questionnaire of the Remuneration Committee Performance" are answered by the chair of each functional committee. The five major aspects to be assessed include: participation in the operation of the Company, awareness of the duties of functional committees, improvement of the quality of decision making of functional committees, composition and member election of functional committees, and internal control, with a total of 22 and 18 questions, respectively.

(II) Operation of the Audit Committee or Engagement of Supervisors in the Board of Directors:

1. Operation of the Audit Committee:

✧ The Audit Committee held 11 (A) meetings during the most recent year; the attendance of independent directors is summarized as follows:

Title	Name	Actual Attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Independent Director	Hsu Li-Ming	11	0	100%	Re-elected on June 19, 2025
Independent Director	Tseng Yung-Fu	6	0	100%	Relieved of duties on June 19, 2025 (should attend 6 meetings)
Independent Director	Liu Huang-Chi	11	0	100%	Re-elected on June 19, 2025
Independent Director	Liu Tsung-Te	5	0	100%	Appointed on June 19, 2025 (should attend 5 meetings)

◎ Professional qualifications and experience of Audit Committee members:

Please refer to page 4, " Information of directors, " and page 5, " Professional qualification and experience."

◎ Key annual responsibilities of the Audit Committee: Evaluation of the effectiveness of internal control systems, review of financial statements, revision of internal control systems, assessment of the independence of the appointed CPA, and review of significant asset transactions.

◎ Performance evaluation of the Audit Committee:

Please refer to page 14, " Implementation of Board of Directors Appraisal."

Other items to be stated:

I. Where the operation of the Audit Committee meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, independent directors' dissent, qualified opinion, or material recommendations, resolution of the Audit Committee and the Company's handling of said resolution:

(I) Matters listed in Article 14-5 of the Securities and Exchange Act:
A total of 11 Audit Committee meetings were convened in 2025. Details of the resolutions, the Audit Committee's decisions, and the Company's handling of the Audit Committee's opinions are provided on pages 42-43, " Key resolutions adopted by the Audit Committee."

(II) Aside from said matters, resolutions not passed by the Audit Committee but receiving the consent of two thirds of the Board of Directors: None

II. Implementation of independent directors' recusals to proposals with personal interests; the name of director, proposal description, reason of recusal, and voting participation shall be specified:

The independent directors are self-disciplined, and recuse themselves whenever proposals touch upon their personal interests. Among them:

6th meeting of the Audit Committee in 2025
1. Directors recused: Independent Director Hsu, Li-Ming.
2. Content of motion: Approved the issuance of preferred shares for capital increase by Chun Yuan Construction Co., Ltd.
3. Reasons for recusal: Independent Director Hsu, Li-Ming is an Corporate Director of Chun Yuan Construction (Sinkang).
4. Participation in voting: Except for Independent Director Hsu, Li-Ming, who recused himself due to a conflict of interest, all other attending members approved the motion without objection.

7th meeting of the Audit Committee in 2025
1. Directors recused: Independent Director Hsu, Li-Ming.
2. Content of the motion: Lease of a fourth-floor office on Fuxing N. Rd., Taipei City by Chun Yuan Steel Industry Co., Ltd. from the related party, Chun Yuan Construction Co., Ltd.
3. Reasons for recusal: Independent Director Hsu, Li-Ming is an Corporate Director of Chun Yuan Construction (Sinkang).
4. Participation in voting: Except for Independent Director Hsu, Li-Ming, who recused himself due to a conflict of interest, all other attending members approved the motion without objection.

III. Communication between independent directors and internal auditing officers as well as CPAs (including items discussed, means of communication and results, etc. regarding the Company's financial and business situation): Please refer to
page 16, " Communication between the independent directors and internal audit officers," and
page 17, " Communication between the independent directors and CPAs."

2. Communication between the independent directors and internal audit officers:

Frequency	Date	Subject	Conclusion
2025 Q1	2025.04.21	Audit items for the quarter	No advice nor comment
2025 Q2	2025.08.07	Audit items for the quarter	No advice nor comment
2025 Q3	2025.11.06	Audit items for the quarter	No advice nor comment
2025 Q4	2026.01.05	Audit items for the quarter	1. Management of the operation of the Remuneration Committee: Establish remuneration standards for independent directors as soon as possible and ensure their alignment with those of general directors and managers. 2. Sustainability information management: Establish procedures for report preparation as soon as possible. 3. Other audit items for the quarter: No recommendations or no comments.

3. Communication between the independent directors and CPAs:

The Audit Committee consists of all independent directors. At least once per year, the CPAs report to the independent directors on the Company's financial position, the financial position of domestic/foreign subsidiaries, and overall operations, and audit the internal control. Shall there by any material adjustments or changes to laws or regulations that may impact the accounts, such matters will be fully communicated.

Since 2021, the meetings between the CPAs and independent directors, and between the CPAs and board members are held at least once per year, respectively.

Summary of communication between the independent directors and CPAs

Date of meeting	Nature of meeting	Attendees	Participants	Communication key points	Advice
2025 03.13	Pre-meeting of the Board of Directors	CPA, Wang Wu-Chang; Manager, Yu Li-Hua; Chairman, Cheng Ye-Ming Independent directors: Hsu, Li-Ming; Tseng, Yung-Fu; Liu, Huang-Chi Director: Tsai Hsi-Chi; Wu Mei-Ying; Lee Wen-Fa; Tsai, Hsi-Yu; Tsai Cheng-Ting; Lee, Wen-Lung	President Hung Shih-Min; Associate Vice President Hsieh Yu-Hsia; Manager Lin Yi-Chun	1. Key changes in the previously communicated group audit plan 2. Explanation of key audit matters (KAM) 3. Type of audit opinion 4. Materiality of the period 5. Uncorrected misstatements 6. Significant deficiencies in internal control 7. Other communication matter	None
2025 08.07	Pre-meeting of the Board of Directors	CPA, Wang, Wu-Chang, Manager, YU, LI-HUA, Chairman, Tsai Hsi-Yu Independent directors: Liu, Tsung-Te; Liu, Huang-Chi; Hsu, Li-Ming Director: Cheng Yi-Ming; Tsai Hsi-Chi; Wu Mei-Ying; Lee Wen-Fa; Cheng Chieh-Wen; Lee Wen-Fa Tsai Cheng-Ting	President Hung Shih-Min Associate Vice President Hsieh Yu-Hsia Manager Lin Yi-Chun	1. Explanation of key points in the review 2. Type of review opinions 3. Materiality of the period 4. Comparative analysis of the deviations between two periods 5. Other communication matter	None
2025 11.06	Audit Committee Pre-meeting	CPA, Wang, Wu-Chang; Manager, Yu, Li-Hua Independent directors: Liu, Tsung-Te; Liu, Huang-Chi; Hsu, Li-Ming	President Hung Shih-Min; Associate Vice President Hsieh Yu-Hsia; Manager Lin Yi-Chun	1. Governing Body Roles and Responsibilities 2. CPA Roles and Responsibilities 3. Scope and time of annual audit 4. Audit team 5. Matters that may be highly concerned by auditors 6. List of related parties and transactions with related parties 7. Written statement from the management 8. Independence of auditors	None

4. Participation of supervisors in the Board of Directors: None.

(III) The operation of the corporate governance and any variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance

Assessment Items	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary description	
I. Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	V		To establish a good corporate governance system, the Board of Directors has given approval for establishing the "Principles of Corporate Governance Best Practice" on December 30, 2019. The Principles are disclosed on MOPS.	None.
II. Shareholding Structure & Shareholders' Rights (I) Does the Company have internal operation procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly? (II) Does the Company possess a list of major shareholders and the ultimate controlling parties of these major shareholders? (III) Has the Company built and executed a risk management system and firewall between the Company and its affiliates? (IV) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V V V V		(I) The Company has assigned dedicated staff to answer questions from shareholders, and handle the related affairs. (II) The Company has good interactions with major shareholders, and can grasp the changes of shareholding at any time. (III) The Company and the affiliates are independent entities. The supervision of subsidiaries and management of transactions between related parties is specified in the internal control system and is put into actual practice. (IV) The Company has established "Internal Control for Preventing Insider Trading" regulations to prohibit insider trading on undisclosed information.	None.

Assessment Items	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary description	
III. Composition and Responsibilities of the Board of Directors (I) Has the board of directors formulated the diversity policy, concrete management target, and implements such?	V		(I) The nomination and election of Board members is based on the company's Articles of Incorporation, by adopting a candidate nomination system. According to the business mode and development plans of the Company, the Board members should have diversified skills related to the steel industry, management, accounting, and finance, to ensure the diversity and independence of directors. All board members have extensive experience in related industries. There are two female director among the members; each of the other directors has a relevant professional background, specializing in operational judgment capabilities, accounting and financial analysis, operation and management, crisis management, industry knowledge, view of the international market, leadership, and decision-making. There are three independent directors among the eleven directors to ensure the independence of the Board of Directors; each independent director has expertise and experience in accounting, law, management and financial analysis, as an implementation of diversification policies for the Board of Directors. The Company appreciates the composition of the expertise of the Board of Directors. The target share of law, finance, and accounting expertise is one-tenth or more; industrial know-how expertise is half or more. The Company has achieved all these targets. (Please refer to the table on page 24) The Board of Directors has the necessary professional knowledge, skills and literacy to perform its duties. With diversified background and practical experience, it can continue to strengthen the Company's governance and operational synergies. The diversification policy of the Board of Directors is disclosed on the website.	(I) None.

Assessment Items	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary description	
(II) Other than the Remuneration Committee and the Audit Committee required by law, does the Company voluntarily set up other functional committees?		V	(II) Other than the Remuneration Committee and the Audit Committee which are required by law, the Company has not yet established other functional committees.	(II) The Company will set up other functional committees as necessary or required by laws and regulations.
(III) Has the Company established a methodology for evaluating the performance of its Board of Directors, does it carry out evaluations on an annual basis and report the results of the performance evaluation to the Board of Directors, and use the results as reference for directors' remuneration and nomination for re-election?	V		(III) In November 2020, the Company approved the establishment of the procedures for the Board's performance appraisal; the internal Board's performance appraisal is conducted annually, and the outcomes are disclosed on the MOPS and in the annual report. 1. The results of the 2025 Board performance appraisal: The results of all the performance appraisals of the Board members are "performed well" or above, and the performance appraisal results of the board of directors, Audit Committee and Remuneration Committees are both "operated well," showing good overall operations. 2. The outcomes were reported at the 2nd meeting of the Board of Directors in 2026 as required, as the basis of review and improvement and as reference for nominations for re-election.	(III) The Company has formulated the performance evaluation measures and evaluation methods of the Board of Directors, and conducts internal performance evaluations on functional committees (Board of Directors, Audit Committee and Remuneration Committee) every year, and submits the performance evaluation results to the Board of Directors. The remuneration and the nomination for renewal are based on the performance evaluation results provided by the Finance Department.
(IV) Does the Company regularly evaluate its external auditors' independence?	V		(IV) The independence of the CPAs is prudentially assessed through the following procedures: 1. Obtaining a non-biased independence statement of CPAs. 2. Controlling the same CPA not to provide certification services consecutively more than the years specified. 3. The Company has obtained the evaluation form for the quality index of audited accounts (AQI) from the CPAs, and confirmed that there is no financial interest, business transaction, employment relationship with the CPAs, so the Company meets the requirements of the Company for the independence and suitability of the CPAs.	(IV) The Company's "Corporate Governance Best Practice Principles" were revised on December 20, 2023, and the conclusions regarding the assessment of the CPA's independence and competence were submitted to the Audit Committee and the Board of Directors on March 13, 2025 for discussion and approval. For the conclusion of the evaluation, please refer to the information of the CPA's fees in this annual report.

Assessment Items	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary description	
IV. Does the TWSE/TPEx listed companies appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance with the law, handling matters related to Board meetings and shareholders' meetings according to the law, and recording minutes of Board meetings and shareholders' meetings)?	V		(I) The Company has appointed competent and appropriate corporate governance personnel, and at the 6th meeting of the Board of Directors on December 23, 2020, it was approved to established the corporate governance officer (concurrently served by Hsieh, Yu-Hsia, the Associate Vice President of Finance and Accounting Department) to serve concurrently and take charge of affairs related to corporate governance. (II) Regarding the annual key implementation of corporate governance and the continuing education of the corporate governance officer, the disclosure is made on the Company's website. Please refer to "the Company's website/Investor Section/Corporate Governance/Corporate Governance (https://www.cysco.com.tw/investorzone-71-119-page99)."	None.
V. Has the Company established a means of communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a stakeholder section on its Company website? Does the Company respond to stakeholders' questions on corporate social responsibilities?	V		The Company has appointed dedicated units and staff to communicate with different stakeholders. A stakeholder section is set up on the website. When needed, any stakeholder may contact the Company via telephone or email available in the section.	None.
VI. Has the Company appointed a professional registrar for its Shareholders' Meetings?		V	The shareholders' meetings are carried out by the Company itself, and all personnel in charge of shareholder affairs are qualified as required by law.	In the future, the Company may commission a professional registrar for the shareholders' meeting affairs, to meet the requirements of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.

Assessment Items	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary description	
VII. Information disclosure				
(I) Has the Company established a corporate website to disclose information regarding its financial, business and corporate governance?	V		(I) The Company has a website in place, and discloses information on the website for viewing by investors and the public.	(I) None.
(II) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference, etc.)?	V		(II) The Company's website has a English version; a dedicated unit is assigned to update and disclose the Company's information. Other than the spokesperson and deputy spokesperson system established for external communication, investor conferences are also convened as required by law	(II) None.
(III) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadlines?		V	(III) The Company handles such pursuant to the regulatory requirements.	(III) The Company will report and announce the annual financial statements, the first, second, and third quarter financial statements as well as the operating status of each month as needed and required by the law
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g., including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and the purchasing of insurance for directors and supervisors by the Company)?	V		(I) The Company has organized regular corporate ethics trainings and promotion activities for new employees, as well as formulated relevant rewards and penalties for corporate ethics compliance in the employee reward and penalty system (II) The key resolutions adopted by the Board of Directors are disclosed on the Company's website, and updated regularly. (III) The Company has purchased liability insurance for directors. (IV) As of the end of 2025, all incumbent directors have met the training hour requirements set forth in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEx Listed Companies." (≧6 hours) (Please refer to MOPS > Company Information > Corporate Governance > Directors/Independent Directors/Supervisors > Attendance at Board Meetings and Continuing Education, and Current Positions and Concurrent Positions of Independent Directors: https://mopsov.twse.com.tw/mops/web/t100sb07)	None.

Assessment Items	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary description	
IX. The improvement status for the result of Corporate Governance Evaluation announced by the Taiwan Stock Exchange, as well as the prioritized enhancements for the matters and measures not yet improved. The improvements made based on the results of the 11th Corporate Governance Evaluation (2024) published in April 2025 are as follows: 1. As of the end of 2025, all incumbent directors have met the training hour requirements set forth in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEx Listed Companies." 2. Two investor conferences were held in 2025. 3. Disclosed annual GHG emissions for Scope 1 and Scope 2 for 2023 and 2024, both of which have obtained external verification. 4. Formulated and disclosed a GHG emissions reduction management policy. 5. Formulated and disclosed an energy management plan. In the future, the Company will strengthen corporate social responsibility and corporate governance, by referring to the principles of corporate governance, to improve every aspect of the operations, maintain an effective mechanism of corporate governance, while implementing transparent information disclosure and promoting shareholders' interests.				

Table: Implementation of diversification policy for Board members

Name	Nationality	Gender	Concurrently serving as an employee of the Company	Age				Professional skills								Professional background					
				41~50	51~60	61~70	71 - Above	Operational judgement skills	Accounting and financial analysis skills	Operation and management skills	Risk management skills	Industry knowledge	View of international market	Leadership skills	Decision-making skills	Law	Finance and accounting	Marketing	Finance	Economics	Architecture
Tsai Hsi-Yu	Note	Male					V	V	V	V	V	V	V	V	V						
Tsai Hsi-Chi	Note	Male					V	V	V	V	V	V	V	V	V		V	V			
Wu Mei-Ying	Note	Female				V		V	V	V	V	V	V	V	V		V	V	V		
Cheng Yi-Ming	Note	Male					V	V	V	V	V	V	V	V	V	V		V			
Lee Wen-Fa	Note	Male					V	V	V	V	V	V	V	V	V					V	
Tsai Cheng-Ting	Note	Male			V			V	V	V	V	V	V	V	V		V	V	V		
Detaiyu Investment Industrial Limited, represented by Lee,Wen-Lung	Note	Male					V	V	V	V	V	V	V	V	V		V	V	V		
Cheng Chieh-Wen	Note	Female		V				V		V	V	V	V	V	V						V
Hsu Li-Ming	Note	Male		V					V								V				
Liu Huang-Chi	Note	Male			V			V						V	V	V					
Liu Tsung-Te	Note	Male					V	V		V	V	V	V	V	V	V					

Note: Nationality - Republic of China

(IV) The composition, duties, and operation of the Remuneration Committee:

(1) Information about the Remuneration Committee Member

Designation	Qualification / Name	Professional qualification and experience	Independence status	Number of companies where they also serve as member in the Remuneration Committee
Independent Director	Hsu Li-Ming	Having five years work experience in finance and accounting, and passed a national examination and been awarded a certificate as an accountant.	The Company's independent director, and in the annual independent director qualification review during the year of election and during the term of office required by the competent authority, showing the conformity to the independence requirement, and meeting the requirement in Article 3 and 5 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	1
Independent Director	Liu Tsung-Te	Has more than five years of experience as a lecturer in law-related departments at public or private colleges and universities.		0
Independent Director	Liu Huang-Chi	Having more than five years of experience in business, legal, and financial fields who have passed the national examinations required for judges and lawyers and hold the relevant certificates		2

(2) Operation of the Remuneration Committee:

1. There are three members of the Remuneration Committee in total.

2. The committee members' terms of offices, qualifications and attendance are as follows:

The 5th term: from July 1, 2022 to June 2025 (same as the term of the Board of Directors). In the most recent year, the Remuneration Committee convened 1 (A) meeting.

The 6th term: from July 9, 2025 to June 2028 (same as the term of the Board of Directors). In the most recent year, the Remuneration Committee convened 3 (A) meetings.

Title	Name	Actual Attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Liu Tsung-Te	3	0	100%	Newly appointed member of the 6th term
Committee Member	Hsu Li-Ming	4	0	100%	Member of the 5th and 6th terms
Committee Member	Liu Huang-Chi	4	0	100%	Member of the 5th and 6th terms
Committee Member	Tseng Yung-Fu	1	0	100%	Member of the 5th term

Other items to be stated:

I. If the Board of Directors declines to adopt or modifies a recommendation of the Remuneration Committee, state the meeting date, term, contents of motions, resolution of the Board meeting, and the Company's handling of the opinions of the Remuneration Committee (e.g., the remuneration passed by the Board exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified): None.

II. For the resolutions adopted by the Remuneration Committee to which a member has a dissenting or qualified opinion which is on record or stated in a written statement, state the meeting date, term, contents of motions, opinion of each member, and the treatment to such opinions: None.

(3) Subjects of the Remuneration Committee's discussions, resolutions and the Company's handling of the members' opinions

Remuneration Committee	Proposal content and follow-up	Resolution	The Company's handling of the members' opinions
The 5th term 7th meeting 2025.03.06	1. 2024 remunerations to directors 2. 2024 remunerations to managers	All attending members unanimously approved proposals as they were, and submitted the proposals to the Board of Directors for approval.	Submitted the proposals to the Board of Directors, and approved by all attending directors unanimously
The 6th term 1st meeting 2025.07.23	1. Election of the convener and meeting chairperson.	—	—
The 6th term 2nd meeting 2025.11.06	1. Calculation of the 2025 year-end bonus 2. 2026 directors' service expenses and other fees 3. 2026 managers' wages and incentives	All attending members unanimously approved proposals as they were, and submitted the proposals to the Board of Directors for approval.	Submitted the proposals to the Board of Directors, and approved by all attending directors unanimously
The 6th term 3rd meeting 2025.12.18	1. Proposal to increase the service fees for directors of the Board of Directors, members of the Audit Committee, and members of the Remuneration Committee of the Company 2. Current allocation method (percentage) for managers' year-end bonuses and incentive bonuses	All attending members unanimously approved proposals as they were, and submitted the proposals to the Board of Directors for approval.	Submitted the proposals to the Board of Directors, and approved by all attending directors unanimously

(4) Information of the Nomination Committee and its operation: None.

(V) Implementation status of promoting sustainable development and any differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, along with the reasons:

Items to be promoted	Implementation			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary description	
I. Does the company establish an exclusively (or concurrently) dedicated unit to promote sustainable development have executives appointed by the board of directors to handle the promotion under the board of directors' supervision?	V		In line with the implementation of the IFRS adoption plan, the Company has established a sustainability development implementation unit under the Board of Directors and reports to the Board of Directors on a quarterly basis regarding the progress of IFRS implementation and the execution of related matters.	None.
II. Does the Company follow the materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy	V		The Company issues sustainability reports, and discloses the management and current status of sustainable development indicators such as corporate governance, ethical management, economic aspects, environmental aspects, and social aspects, while establishing related risk management policies.	None.
III. Environmental Topics (I) Has the Company established an environmental management system designed in line with industry characteristics?	V		The Company has obtained ISO 14001 environmental management system certification (certificate expiration date: June 19, 2026; Special Steel Tucheng/Taichung branches and construction steel structures/Houlong Plant/construction sites are not included in the certification scope). Through its PDCA management approach, the Company implements an effective environmental management system, including environmental protection policies and the assessment of risks and opportunities related to environmental issues. Applicable environmental regulations include the Waste Disposal Act, the Air Pollution Control Act, and the Water Pollution Control Act.	None.
(II) Does the Company dedicate in promoting energy utilization efficiency, and use renewable materials that have low impact to the environment.	V		The Company has the following environmental, safety, and health policy: 1. legal compliance; 2. full participation; 3. green consumption; 4. zero disaster; 5. continuous improvement; 6. well-rounded communications; 7. performance improvement; and 8. sustainable operation; of which, "green consumption" - recyclable steels are used for packaging materials. "Continuous improvement" - Replaced the dryer in the air compressor system with energy-saving model	None.

Items to be promoted	Implementation			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary description	
(III) Has the Company assessed its potential risks and opportunities now and the future regarding climate change, and adopted related responding?	V		The Company has inventoried the greenhouse gas emission. Although the emission is not as controlled as the standard of the Ministry of Environment, the climate change still has the potential risk to the Company, such as the short delay of heavy rain and the warming caused by the climate change, which lead to the flooding and sintering of the plant. Measures taken include: in the lower-lying Xizhi Plant area, a water level warning system is used to activate the pumping station, to reduce the flooding probability of the plant; For high temperatures during summer, some plants use ventilation fans to enhance air circulation, and the roofs of the Longtan/ Tainan/ Kaohsiung/ Plants were installed or leased to energy companies for the installation of solar panels. It not only reduces the temperature of the facility but also alleviates physical discomfort among on-site personnel and enforces policies that conserve energy and reduce carbon emissions.	None.
(IV) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the most recent two years, and set greenhouse gas reduction, water usage reduction and other waste management policies?	V		To align with the global direction of GHG reduction strategies and to achieve sustainable energy development goals that balance resource efficiency, energy conservation, and environmental protection, the Company, in accordance with the ISO 14001 environmental management system, regularly compiles statistics on resource and energy consumption and discloses them in the sustainability report (the 2025 sustainability report is expected to be issued before August 2026). Each year, the Company also conducts effectiveness evaluations of PDCA for resource and energy management and has obtained ISO 14001 environmental management system certification (certificate expiration date: June 19, 2026; Special Steel Tucheng/Taichung branches and construction steel structure plants/Houlong Plant/construction sites are not included in the certification scope), and has established relevant management policies. In addition, the Company's current group carbon reduction plan will be adjusted in line with the IFRS adoption, with relevant departments currently collecting data. Subsequent targets will be formulated in accordance with the Company's ESG strategy and disclosed externally. 1. Greenhouse gas emission: Please refer to the table below - 1-1-1 for greenhouse gas inventory information. 2. Water consumption by each plant (site) 2024 - 82,301 (cubic meters); 2025 - 85,923 (cubic meters) 3. No hazardous industrial waste is produced; and the weight of general industrial waste in each plant (branch office): 2024 - 12,428 (tons); 2025 - 11,662 (tons)	None.

Items to be promoted	Implementation			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary description	
IV. Social issues (I) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	V		The Company complies with relevant labor laws and regulations, to establish personnel management regulations and other related procedures for managing and protecting the legitimate rights of employees.	None.
(II) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	V		The Company is well aware that the sustainable development of the Company requires an employee welfare policy in addition to the growth of financial performance: 1. Remunerations: The wages of new recruits are determined by measuring the supply and demand situation of the labor market, and the market level of wages, with the principle of being better to the basic salary stipulated by Taiwan's Labor Standards Act, while taking into account the job to be assigned, education, and relevant work experience, manpower demand in the market, and current wages of the same jobs or the same seniority. 2. Leave: The Company has set up the "Procedures for Applying for Leave by Employees," and all leave systems are based on the Labor Standards Act and related laws and regulations. 3. Benefits: The Company has established an employee welfare committee to handle various employee welfare related affairs, including departmental dinners, club activities, intellectual arts and cultural activities, parent-child activities, ball games, among other things. 4. Reflecting operation performance in the employees' remunerations: According to the Company's Articles of Incorporation, employees will be remunerated, and compensations and year-end bonuses will be distributed on the eve of the Mid-Autumn Festival and the Lunar New Year.	None.

Items to be promoted	Implementation			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary description	
(III) Does the Company provide employees with a safe and healthy work environment, with regular safety and health training?	V		The Company has established and implemented the "Occupational Safety and Health Management Procedures," and has adopted the ISO 45001 Occupational Safety and Health Management System (certificate expiration date: June 19, 2026; Special Steel Tucheng/Taichung branches and Houlong Plant are not included in the certification scope) and the TOSHMS (certificate validity expiration date: June 18, 2026; as the scale of the Longtan plant meets the requirements of the Ministry of Labor's "Occupational Safety and Health Management Procedures," separate certification was applied for and obtained). The Company also regularly conducts various environmental, safety, and health education and training programs, as well as employee health examinations, to safeguard the safety and health of its personnel. In addition to monthly self-inspections in 2025, the Company strengthened environmental, safety, and health inspections at factories and construction sites, as well as 5S and safety and health evaluation activities, and rectified a total of 339 deficiencies. According to statistics for 2025, there were 8 occupational accidents and 8 affected employees (excluding traffic accidents), accounting for approximately 1% of the total workforce; there was 1 fire incident with no casualties.	None.
(IV) Has the Company established effective career development training plans?	V		The Company has introduced a three-module system of function/training/performance, and implemented a comprehensive function-based talent development program through an efficient digitized model of the management framework. By taking talent as the core capital, the Company has developed a training system in line with TTQS. 1. Inventory of professional functions and establishment of a learning map. 2. Training and cultivation of new recruits for their functions. 3. Elite talent management and succession program. 4. Establishment of a know-how map of metal materials.	None.
(V) Do the Company's products and services comply with related regulations and international rules for customers' health and safety, privacy, sales, and labelling, and have polices to protect consumers' rights and consumer interest appeal procedures been established?	V		The Company has implemented the ISO 9001 quality management system and obtained the examination certificate, to provide clients with high-quality products and services. It also has a rigorous procurement process, as well as a good client complaint channel and handling mechanism.	None.

Items to be promoted	Implementation			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary description	
(VI) Does the Company establish supplier management policies and request suppliers to comply with related environmental, occupational safety and health or labor rights standards, and their implementation status?	V		The Company has incorporated supplier management principles (disclosed on the Company's website) into its routine management practices. In 2025, the Company continued to require suppliers to comply with relevant regulations regarding environmental protection, occupational safety and health, and labor and human rights issues. Currently, annual evaluations and on-site inspections are conducted in accordance with the "Supplier Audit and Evaluation Form" to ensure the quality of sustainable operations across the supply chain.	None.
V. Does the Company refer to international reporting rules or guidelines to publish sustainability reports to disclose non-financial information of the Company? Has the said report acquired verification by a third-party certification unit or a statement of assurance?	V		The Company issued the first sustainability report in 2017, and the tenth edition will be released at the end of August, 2026. Since 2017, the Company had been using GRI 4 (Global Reporting Initiative) to prepare sustainability reports, and the standards advanced to GRI Standards (GRI Sustainability Reporting Standards) in 2018; however, Taiwan Stock Exchange issued a letter in September 2022, specifying that to cope with the updated of GRI in 2021, CYS shall updated to the GRI 2021 version, and disclose sustainability-related indicators with the industrial materiality and concerned by investors. Currently, the sustainability report is issued every yea as required by the competent authority. Although no external verification is conducted, internal audit verification is implemented by referring to the AA 1000 assurance standard.	None.
VI. If the Company has established its own sustainable development best practice principles based on the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancy between the policies and their implementation: Since 2017, the Company has issued a sustainability report annually in accordance with the requirements of the competent authority. In Q4 2025, the Company established the "Procedures for the Preparation and Assurance of Sustainability Reports" to strengthen internal control over sustainability information. This independent internal regulation is scheduled to be submitted to the Board of Directors in Q4 2026. However, the Company has not yet established other related principles and will do so in the future based on actual needs and regulatory requirements.				
VII. Other important information helpful for understanding the implementation of sustainable development: In 2025, the Company continued to implement the ISO 14001 Environmental Management System, the ISO 45001 Occupational Safety and Health Management System and the Taiwan Occupational Safety and Health Management System (TOSHMS), while periodically passing the verification of external institutions. Meanwhile, the Company held various environment, health and safety promotional education and trainings and health checkup for employees, to implement the environmental responsibility, and ensure the employees' health and safety. The Company also sponsored the community development associations and the events in the neighborhoods of the Plants (the Longtan Plant held the neighborhood friendship events with donations, such as NT$30,000 event fees for Bade Community Development Association; NT$5,865 for the De Long Elementary School's Graduation Ceremony; NT$18,000 Mid-Autumn Festival celebration for Shengde Village), as the fulfillment of sustainable development responsibility. In addition, in accordance with the requirements of the competent authority, CSR reports have been issued since 2017, and the tenth issue (2025 Sustainability Report) will be issued at the end of August, 2026. Through continuous communication with stakeholders, it will help to implement and effectively understand corporate social responsibility operations.				

Climate-Related Information of TWSE/TPEx Listed Company:

1. Implementation of Climate-Related Information

Item	Implementation
(1) Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities. (2) Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term). (3) Describe the financial impact of extreme weather events and transformative actions. (4) Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. (5) If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described. (6) If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks. (7) If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated. (8) If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified. (9) GHG inventory and assurance status, as well as reduction targets, strategies and specific action plans (indicated in 1-1 and 1-2 separately).	(1) Pursuant to the plans of the Financial Supervisory Committee's "Sustainable Development Roadmap for TWSE and TPEx Listed Companies," forwarded by Taiwan Stock Exchange, the operations related to the climate risk are implemented as below: ➢ The greenhouse gas inventory, and verification schedule of the parent company and the Group (including subsidiaries) are completed, and reported to the board of directors. Subsequently, the implementation progress will be reported on a quarterly basis to the board of directors for the purpose of control. ➢ The parent company has completed voluntary GHG inventories since 2024 and has also completed third-party external verification. ➢ Subsidiaries completed voluntary GHG inventories in 2024, and beginning in 2025, their voluntary inventory reports have been submitted to third-party verification for the first time. (2) The Company conducts comprehensive risk assessment in accordance with the objectives of its business, the execution of its business strategy, and the routine operations of its business. The Company first assesses various risk factors and then formulates response strategies for the possible hazards. Subsequently, the Company regularly reviews and reassesses various risk factors to achieve monitoring and tracking control. (3) Please refer to the description in (2) above (4) Emergency response at CYS is governed by the "Natural Disaster Emergency Response Regulations." A natural disaster emergency response organization is established when a natural disaster is predicted (e.g. typhoons) to direct preparations. (5) The Company is currently implementing the IFRS adoption plan, and relevant risk factors, response measures, and financial impact assessments will be disclosed in accordance with the implementation timeline. (6) Please refer to the description in (5) above (7) Please refer to the description in (5) above (8) Please refer to the description in (5) above (9) As of the publication date of the annual report, the Company is currently executing the 2025 GHG inventory. The results of the inventory will be disclosed in the "Sustainable Report" after third-party verification. The Scope 1 and Scope 2 data of 2025 is detailed in the table below.

1- 1 GHG inventory and assurance status in the past two years

1-1-1 Greenhouse gas inventory information: emission volume (tons CO_2e), intensity (tons CO_2e/NT$ million) and data coverage for the most recent two years.

(I) The Chun Yuan Group's inventory starting year is: The parent company's standalone company has started the inventory since 2021; the subsidiaries in the consolidated financial statements have started the inventory since 2024.

(II) Emissions in the past two years:

Type \ Year		2024		2025	
		Emission volume (metric tons of CO_2e)	Intensity (metric tons of CO_2e/NT$ million)	Emission volume (metric tons of CO_2e)	Intensity (metric tons of CO_2e/NT$ million)
Chun Yuan Steel	Scope 1 (direct)	5,493.02	–	4,844.04	–
	Scope 2 (indirect)	8,626.98		9,287.20	
	Subtotal:	14,120.00		14,131.24	
Subsidiaries in the consolidated financial statements	Scope 1 (direct)	164.16		1,015.16	
	Scope 2 (indirect)	13,994.59		7,201.25	
	Subtotal:	14,158.75		8,216.41	
Total of scope 1+2 of the consolidated financial statements		28,278.75	1.1776	22,347.65	0.9239

Note 1: The aforementioned GHG emissions data are based on voluntary inventories. The parent and subsidiary companies of the Chun Yuan Group included in the consolidated financial statements are expected to each obtain BSI verification reports before the end of May, and the relevant data verified by third-party assurance statements will be disclosed in the sustainability report.

Note 2: Differences in carbon emission equivalent data of subsidiaries are due to third-party verification in 2025, during which the original methodologies and scopes were adjusted to align with those of the parent company, with reference to official data published by the host countries.

(III) Scope of data: Based on the compilation of the Business Control Act, including the direct emissions (Scope 1) and indirect emissions (Scope 2) between the Company and all subsidiaries in the consolidated financial statements.

1-1-2 GHG assurance information: As of the date of publication of the annual report, the status of assurance in the last two years, including the scope of assurance, institutions of assurance, criteria of assurance, and opinions of assurance.

(I) 2024: External assurance provider - British Standards Institution (BSI). Verification for 2024 was conducted in 2025, and in accordance with the timeline required by the competent authority, it was completed by the end of May 2025. The relevant data verified by BSI have been disclosed in the sustainability report.

Assurance range		2024 Emissions (ton CO_2e)
Chun Yuan Steel	Scope 1	5,493.02
	Scope 2	8,626.98
	Total:	14,120.00
As a percentage of the aforementioned 1-1-1 disclosure		100.00%

(II) 2025: External assurance provider - British Standards Institute (BSI) conducted the 2025 verification in 2026. The schedule was planned in accordance with the requirements of the competent authorities, and the relevant data after the BSI certification was obtained in 5/E 2026, and will be disclosed in the sustainable report.

1-2 GHG reduction goals, strategies and concrete action plans

Base year and data of greenhouse gas reduction, reduction goals, strategies, and concrete action plans, and achievement of reduction goals.

- Baseline year for GHG reduction and reduction target

1. For 2025, the GHG inventory data of the parent and subsidiary companies of the Chun Yuan Group will be verified by BSI. In accordance with data completeness and external expert recommendations, 2025 will be designated as the base year.
   Note: External verification statements are expected to be obtained by the end of May 2026, and the verification results will be disclosed in the sustainability report.

   Total volume of self-inspection of the Group - Category 1: 5,859.20 metric tons of CO_2e
   Category 2: 16,488.45 metric tons of CO_2e

2. Reduction goals, strategies, and concrete action plans, and achievement of reduction goals:

   The Group’s current carbon reduction plan will be adjusted in line with the IFRS adoption, with relevant departments currently collecting data. Subsequent targets will be formulated in accordance with the Company’s ESG strategy and disclosed externally.

3. Greenhouse gas reduction strategies and concrete action plans:

   Through the carbon management platform, the Group's emission information is systematically integrated, to grasp the information needed for carbon management. The Company also carries out comprehensive supervision of multiple greenhouse gas reduction plans, including purchasing energy-saving machines, building solar power generation systems, reducing greenhouse gas raw material sources, and assessing the use of low-carbon fuels/energy, to ensure that reduction meets the schedule, to actively reduce the impact of carbon emissions, and to improve operational competitiveness.

(VI) Implementation of ethical corporate management and any differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, along with the reasons:

Assessment Items	Implementation Status			Variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such variance
	Yes	No	Summary description	
I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				
(I) Does the company have a clear ethical corporate management policy approved by its Board of Directors, specified its ethical corporate management policies,measures, and the commitment of Board of Directors and the senior management on active implementation of such policies in its regulations and external documents?		V	The Company has not established any ethical management policies, but the current core culture is one of sincerity, confidence, diligence, and responsibility, and the Company must comply with the principles of ethical management: “Personnel Management Regulations” Employees are required to be careful with their conduct, be cautious in their words and deeds, and not abuse their own positions for personal gain. “Reward and Penalty Procedures for Employees” The procedures specify that corruption, theft or misappropriation of the Company’s funds, accepting bribes or commissions, or deliberately damaging the Company’s properties, will result in discharge or dismissal depending on the circumstances if allegation is proved true, to prevent corruption. In addition, through the annual internal control self-assessment, all functions, plants and subsidiaries need to conduct self-examination on their operating items, including compliance with laws and regulations, and make timely adjustments to the design and implementation of the internal control system, and implement self-supervision mechanisms. Chun Yuan Steel’s external donations or sponsorships are also handled pursuant to relevant laws and regulations, as well as the Company’s internal regulations.	The Company will, depending on the practical and regulatory requirements, establish ethical management policies approved by the Board of Directors, and expressively disclose the ethical management policies in regulations and external documents, in order to ensure that the Board of Directors and senior management actively fulfill each commitment. An assessment mechanism for unethical conduct risk is also established to analyze and assess business activities with higher unethical risks as specified in Article 7, Paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies,” or within other business scopes. A program to prevent unethical conduct will be established accordingly to implement the related operational procedures, conduct guidelines, disciplinary actions, and the appeal system with periodical amendments, to meet the requirements of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”
(II) Does the company have an assessment mechanism for the risk of unethical conduct; regularly analyze and evaluate business activities with a higher risk of unethical conduct within the business context; formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, Paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”?	V			
(III) Has the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and appealing procedures, and periodically reviews and revises such policies?	V			
II. Implementing Ethical Management				
(I) Has the Company assessed the ethics records of whom it has business relationships with and included business conduct and ethics related clauses in business contracts?		V	(I) To implement the principles of ethical corporate management, the Company takes integrity records into consideration when evaluating counterparties. Starting from May 2025, the Company has also progressively incorporated "Integrity Clauses" into certain external contracts (such as service and procurement agreements), explicitly requiring counterparties to comply with ethical corporate management standards in order to uphold business ethics and prevent unethical conduct.	(I) The Company will, in the future, assess the integrity records of counterparties based on actual needs and regulatory requirements and will comprehensively incorporate integrity clauses into all executed commercial contracts.

Assessment Items	Implementation Status			Variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such variance
	Yes	No	Summary description	
(II) Has the Company set up a unit under the Board of Directors which is dedicated to promoting the corporate ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters and programs to prevent unethical conduct and monitor its implementation?		V	(II) The Company has not yet set up a dedicated (concurrent) unit to promote corporate ethical management yet.	(II) In the future, the Company will, depending on the practical and regulatory requirements, set up a unit under the Board of Directors which is dedicated to promoting the corporate ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters and programs to prevent unethical conduct and monitor its implementation.
(III) Has the Company established policies to prevent conflicts of interests, provided appropriate communication and complaint channels and implemented such policies properly?	V		(III) According to the "Corporate Governance Best-Practice Principles" of the Company, "Unless otherwise required by laws and regulations, the Company's managers shall not serve as managers of affiliated companies concurrently" and "any business transactions between the company and its affiliated enterprises should be conducted on the basis of fairness and reasonableness, with clearly defined pricing conditions and payment methods to prevent irregular transactions." Additionally, contact details for relevant parties are disclosed on the Company's official website.	(III) None.

Assessment Items	Implementation Status			Variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such variance
	Yes	No	Summary description	
(IV) To implement relevant policies on ethical conduct, has the Company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct risks by internal auditors, and have its ethical conduct program audited by internal auditors or CPAs periodically?	V		(IV) The Company has an accounting system and internal control system in place. The Company's accounting system is established in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers issued by the FSC, the Business Entity Accounting Act, the Regulations on Business Entity Accounting Treatment, and other relevant laws and regulations. It also takes into consideration the Company's operating policies, actual business development, and management needs, and is integrated with information system processing, with the aim of fully leveraging accounting to support business management, enhance the Company's operational efficiency, and present a fair view of its financial position, operating results, and cash flows. In addition to the accounting system and internal control system being regularly assessed by the internal audit unit, which formulates audit plans based on risk evaluations and executes audits in accordance with such plans, special audits are also conducted as necessary, and audit results are reported regularly to the Board of Directors. During the 2025 audit process, the CPA did not identify any material non-compliance or suspected non-compliance with laws and regulations, nor were any non-arm's length related party transactions identified.	(IV) The Company will, depending on the practical and regulatory requirements, establish the principles of ethical management in 2021, to set up an assessment mechanism for unethical conduct risks. The internal auditors will formulate related audit plans based the assessment of unethical conduct risks by internal auditors, and have the ethical conduct program audited by internal auditors or CPAs periodically.
(V) Does the Company organize internal and external ethical conduct training programson a regular basis?	V		(V) The Company teaches the core culture of sincerity, confidence, diligence, and responsibility in the "Orientation for New Recruits," as well as reiterates corporate governance, employee ethics and other ethical norms internally from time to time.	(V) None.

Assessment Items	Implementation Status			Variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such variance
	Yes	No	Summary description	
III. Implementation of Reporting Procedures (I) Has the Company established specific reporting and reward procedures, set up conveniently accessible reporting channels, and designated responsible individuals to handle reports received? (II) Has the Company established standard operating procedures for investigating the reports received, follow-up measures after investigations are completed, and ensuring such reports are handled in a confidential manner? (III) Does the Company adopt proper measures to prevent whistle-blowers from retaliation for their whistle-blowing?	V V V		To fully and concretely reward and punish employees as they deserve, the Company has established the Personnel Deliberation Committee, to establish related regulations including the Charter of the Personnel Deliberation Committee, and provides fair and objective review based on the "Reward and Penalty Procedures for Employees." For any complaints filed by any employee, the members, attending staff and other related staff shall keep the deliberations fully confidential without disclosing to any third party.	None.
IV. Enhanced Information Disclosure (I) Does the company disclose its ethical corporate management best practice principles as well as information about the implementation of such guidelines on its website and the Market Observation Post System ("MOPS")?		V	The Company has not established principles of ethical management, but disclosed on the Company's website that the core culture of the Company consists of sincerity, confidence, diligence, and responsibility.	The Company will, depending on the practical and regulatory requirement, establish the Ethical Corporate Management Best Practice Principles, and disclose the content and effect of promotion for the established Ethical Corporate Management Best Practice Principles on the official website and MOPS.
V. If the Company has established its own ethical corporate management best practice principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancy between the policies and their implementation: The Company has not established the principles of ethical corporate management.				
VI. Other important information to facilitate better understanding of the Company's ethical corporate management practices: (e.g., reviewing and amending the Company's corporate management best practice principles): None.				

(VII) Other information to facilitate better understanding of the Company's operation of corporate governance: None.

(VIII) Implementation of the internal control system

1. Statement of Internal Control

Chun Yuan Steel Industry Co., Ltd.

Statement of Internal Control

Date: March 5, 2026

Based on the findings of the self-assessment, the Company states the following with regard to its internal control system during the year 2025:

I. The Company is aware that the Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. The Company has already established this system. Its goal is to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (the "Regulations" hereafter). The criteria for internal control adopted by the Regulations identify five key components of internal control according to the process of managerial control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component includes several items. For the said items, please refer to the Regulations.

IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.

V. Based on the findings of such evaluation, the Company believes that, on December 31, 2025, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.

VI. This statement is an integral part of the Company's Annual Report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Statement was passed by the Board of Directors in their meeting held on March 5, 2026, with none of the eleven attending directors (proxies included) expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Chun Yuan Steel Industry Co., Ltd.

Chairman: TSAI, HSI-YU

President: HUNG, SHIH-MIN

2. Certified public accountants (CPAs) retained to conduct a special audit of the company's internal control systems: None.

(IX) Material resolutions of a shareholders meeting or a Board of Directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

1. Key resolutions adopted by the 2025 general shareholders' meeting (Juue 19, 2025):

(1) Ratifying the 2024 Business Report and Financial Statements by voting:
Approved as proposed; the reports and statements are filed to the competent authorities for reference, reported, and announced, pursuant to the Company Act and other laws and regulations.

(2) Ratifying the proposal for distribution of 2024 profits by voting:
Approved as proposed Approved as proposed (on March 13 2025, the Board of Directors resolved that the base date of distribution was April 25, 2025. and the distribution date was May 23, 2025).

(3) The amendments to the "Articles of Incorporation" of the Company were approved as proposed and will take effect upon the resolution of the shareholders' meeting.

(4) Election of 11 directors of the Company (including 3 independent directors).
Directors: Tsai Hsi-Yu, Tsai Hsi-Chi, Tsai Cheng-Ting, Cheng Yi-Ming, Cheng Chieh-Wen, Wu Mei-Ying, Lee Wen-Fa, and Detaiyu Investment Industrial Limited
Independent Director: Hsu, Li-Ming; Liu, Huang-Chi; Liu, Tsung-Te

(5) Approved the proposal to relieve the directors elected for the first time from the non-compete prohibition via a poll.

2. Key resolutions adopted by the Board of Directors:

Date	Proposal Content
January 9, 2025 (Thursday) 2025 1st Board of Directors	None.
February 12, 2025 (Wednesday) 2025 2nd Board of Directors	1. Approved the purchase of a portion of land (No. 620) adjacent to the factory of the Tucheng Branch, Special Steel Business Division.
March 6, 2025 (Thursday) 2025 3rd Board of Directors	1. Approved the recommendations from the first meeting of the Remuneration Committee in 2025. 2. Approved the proposal to amend the "Articles of Incorporation." 3. Approved the 2024 proposal of the "Assessment for Effectiveness of Internal Control System" and the "Statement of Internal Control." 4. Approved the assessment of the independence of the assigned CPAs.
March 13, 2025 (Thursday) 2025 4th Board of Directors	1. Approved the 2024 settlement statements. 2. Approved the list of directors (including independent directors) candidates nominated by the board of directors. 3. Approved the proposal for the 2024 employees and directors' remuneration distribution. 4. Approved the proposal of profit distribution for 2024. 5. Approved the distribution schedule for 2025 cash dividends. 6. Approved the affairs for convening 2025 general shareholders' meeting. 7. Approved the organizational adjustment and appointment of managers. 8. Approved the proposal to relieve the managerial officers appointed for the first time from the non-compete prohibition via a poll.
May 8, 2025 (Thursday) 2025 5th Board of Directors	1. Approved the consolidated financial statements of Q1, 2025. 2. Approval of the qualification review of independent director nominees for the re-election at the 2025 annual general shareholders' meeting. 3. Approved the proposal to establish a new short-term credit facility with Chang Hwa Bank. 4. Approved the proposal to change the location of the Company's headquarters.
June 5, 2025 (Thursday) 2025 6th Board of Directors	1. Approved the issuance of preferred shares for capital increase by Chun Yuan Construction Co., Ltd.

Date	Proposal Content
June 19, 2025 (Thursday) 2025 1st extraordinary meeting of the Board of Directors	1. Approved proposal to re-elect the new chairman.
July 9, 2025 (Wednesday) 2025 7th Board of Directors	1. Approved the implementation status of the preparation of Chun Yuan Steel's 2024 sustainability report. 2. Approved the proposal to lease the office at the fourth floor on Fuxing N. Rd, Taipei City from a related party, "Chun Yuan Construction Co., Ltd. 3. Approved the appointment of members of the Company's Remuneration Committee. 4. Approved the proposal to appoint the president. 5. Approved the proposal to appoint the managers. 6. Approved the assignment of the corporate governance officer. 7. Approved the removal of non-compete restrictions for newly appointed managers of the Company. 8. Approved the proposal to increase the mid-term import financing credit facility with the Export-Import Bank of China. 9. Approved the proposal to establish a new mid-term loan credit facility with Bank of Taiwan Co., Ltd.
August 7, 2025 (Thursday) 2025 8th Board of Directors	1. Approved the consolidated financial statements for Q2, 2025. 2. Approved the proposal to add the short-term comprehensive credit facility from Yuanta Commercial Bank. 3. Approved theproposal to adjust the short-term comprehensive credit facility with Bangkok Bank, Thailand.
November 6, 2025 (Thursday) 2025 9th Board of Directors	1. Approved the consolidated financial statements for Q3, 2025. 2. Approved the recommendations from the 3rd meeting of the Remuneration Committee in 2025. 3. Approved the proposal to add the short-term comprehensive credit facility from First Commercial Bank.
December 18, 2025 (Thursday) 2025 10th Board of Directors	1. Approved the proposal to revise the scope of entry-level employees of the Company. 2. Approved the proposal to revise the Company's internal control system, "Payroll Cycle." 3. Approved the recommendations from the 4th meeting of the Remuneration Committee in 2024. 4. Approved the "2026 Annual Audit Plan." 5. Approved the proposal to add the short-term comprehensive credit facility from Shanghai Commercial & Savings Bank. 6. Approved the renewal and extension of the comprehensive credit line contract signed between the Company and financial institutions in 2026.
February 5, 2026 (Thursday) 2026 1st Board of Directors	1. Approved the proposal for the distribution of year-end bonuses to the Chairman and managers of the Company for 2025.
March 5, 2026 (Thursday) 2026 2nd Board of Directors	1. Approved the 2025 "Assessment of the Effectiveness of Internal Control Systems" and the "Statement on Internal Control Systems." 2. Approved the proposal to add the short-term comprehensive credit facility from Mega International Bank. 3. Approved the assessment of the independence of the assigned CPAs. 4. Approved the recommendations from the 2nd meeting of the Remuneration Committee in 2026.
March 12, 2026 (Thursday) 2026 3rd Board of Directors	1. Approved the 2025 settlement statements. 2. Approved the proposal for the 2025 employees and directors' remuneration distribution. 3. Approved the proposal of profit distribution for 2025. 4. Approved the affairs for convening 2026 general shareholders' meeting.

3. Key resolutions adopted by the Audit Committee

Date	Proposal Content
January 9, 2025 (Thursday) 2025 1st Audit Committee	No resolution was reached.
	Resolutions of the Audit Committee: No resolution was reached.
	The Company's handling of the Audit Committee's opinions: None.
February 12, 2025 (Wednesday) 2025 2nd Audit Committee	1. Approved the proposal for the Company's "Land, Plant, and Office Rental from Cheng Chu De Yun Transportation Co., Ltd." and the subsequent planning. 2. Approved the purchase of a portion of land (No. 620) adjacent to the factory of the Tucheng Branch, Special Steel Business Division.
	Resolutions of the Audit Committee: Proposal 1: The Audit Committee unanimously approved Proposal B, and the details will be submitted to the Board of Directors for discussion. Proposal 2: All members of the Audit Committee approved the proposal without dissent.
	The Company's handling of the Audit Committee's opinions: Proposal 1: In accordance with Plan B resolved by the Audit Committee, the lease agreement under Plan B must be revised and negotiated based on the matters discussed by the Board of Directors, and may only be executed after approval by the Board of Directors. Proposal 2: All attending directors approved the motion without objection.
March 6, 2025 (Thursday) 2025 3rd Audit Committee	1. Approved the 2024 proposal of the "Assessment for Effectiveness of Internal Control System" and the "Statement of Internal Control." 2. Approved the assessment of the independence of the assigned CPAs.
	Resolution adopted by the Audit Committee: All members of the Audit Committee unanimously approved the proposal as it was without dissent.
	The Company's treatment to the Audit Committee's opinion: all attending directors unanimously approved the proposal as it was without dissent.
March 13, 2025 (Thursday) 2025 4th Audit Committee	1. Approved the 2024 settlement statements.
	Resolution adopted by the Audit Committee: All members of the Audit Committee unanimously approved the proposal as it was without dissent.
	The Company's treatment to the Audit Committee's opinion: all attending directors unanimously approved the proposal as it was without dissent.
May 8, 2025 (Thursday) 2025 5th Audit Committee	1. Approved the consolidated financial statements of Q1, 2025.
	Resolution adopted by the Audit Committee: All members of the Audit Committee unanimously approved the proposal as it was without dissent.
	The Company's treatment to the Audit Committee's opinion: all attending directors unanimously approved the proposal as it was without dissent.
June 5, 2025 (Thursday) 2025 6th Audit Committee	1. Approved the issuance of preferred shares for capital increase by Chun Yuan Construction Co., Ltd.
	Audit Committee resolution: Except for the directors related to Chun Yuan Construction Co., Ltd. who recused themselves due to conflicts of interest, the two members approved the motion without objection.
	The Company's handling of the Audit Committee's opinions: Except for the directors related to Chun Yuan Construction Co., Ltd. who recused themselves due to conflicts of interest, both attending directors approved the motion without objection.
June 19, 2025 (Thursday) 2025 1st Extraordinary Audit Committee meeting	1. Approved the proposal to re-elect the new chair of the Audit Committee.
	Resolutions of the Audit Committee: All members unanimously elected Hsu, Li-Ming as the convener of the Audit Committee (i.e., the meeting chairperson).
	The Company's handling of the Audit Committee's opinions: None.
July 9, 2025 (Wednesday) 2025 7th Audit Committee	1. Approved the proposal to lease the office at the fourth floor on Fuxing N. Rd, Taipei City from a related party, "Chun Yuan Construction Co., Ltd.
	Audit Committee resolution: Except for the directors related to Chun Yuan Construction Co., Ltd. who recused themselves due to conflicts of interest, the two members approved the motion without objection.
	The Company's handling of the Audit Committee's opinions: Except for the directors related to Chun Yuan Construction Co., Ltd. who recused themselves due to conflicts of interest, both attending directors approved the motion without objection.

<table>
<tr><th>Date</th><th>Proposal Content</th></tr>
<tr><td rowspan="3">August 7, 2025
(Thursday)
2025 8th
Audit Committee</td><td>1. Approved the consolidated financial statements for Q2, 2025.</td></tr>
<tr><td>Resolution adopted by the Audit Committee: All members of the Audit Committee unanimously approved the proposal as it was without dissent.</td></tr>
<tr><td>The Company’s treatment to the Audit Committee’s opinion: all attending directors unanimously approved the proposal as it was without dissent.</td></tr>
<tr><td rowspan="3">November 6, 2025
(Thursday)
2025 9th
Audit Committee</td><td>1. Approved the consolidated financial statements for Q3, 2025.</td></tr>
<tr><td>Resolution adopted by the Audit Committee: All members of the Audit Committee unanimously approved the proposal as it was without dissent.</td></tr>
<tr><td>The Company’s treatment to the Audit Committee’s opinion: all attending directors unanimously approved the proposal as it was without dissent.</td></tr>
<tr><td rowspan="3">December 18, 2025
(Thursday)
2025 10th
Audit Committee</td><td>1. Approved the proposal to revise the Company’s internal control system, "Payroll Cycle."</td></tr>
<tr><td>Audit Committee resolution: All attending members resolved to approve the motion in accordance with the revised opinion proposed by Independent Director Liu, Tsung-Te.</td></tr>
<tr><td>Company’s response to the Audit Committee’s opinion: All attending directors approved the motion in accordance with the Audit Committee’s revised opinion.</td></tr>
<tr><td rowspan="3">March 5, 2026
(Thursday)
2026 1st
Audit Committee</td><td>1. Approved the 2025 "Assessment of the Effectiveness of Internal Control Systems" and the "Statement on Internal Control Systems."
2. Approved the assessment of the independence of the assigned CPAs.</td></tr>
<tr><td>Resolution adopted by the Audit Committee: All members of the Audit Committee unanimously approved the proposal as it was without dissent.</td></tr>
<tr><td>The Company’s treatment to the Audit Committee’s opinion: all attending directors unanimously approved the proposal as it was without dissent.</td></tr>
<tr><td rowspan="3">March 12, 2026
(Thursday)
2026 2nd
Audit Committee</td><td>1. Approved the 2025 settlement statements.</td></tr>
<tr><td>Resolution adopted by the Audit Committee: All members of the Audit Committee unanimously approved the proposal as it was without dissent.</td></tr>
<tr><td>The Company’s treatment to the Audit Committee’s opinion: all attending directors unanimously approved the proposal as it was without dissent.</td></tr>
</table>

(X) During the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, directors or supervisors who have expressed dissenting opinions with respect to material resolutions passed by the Board of Directors, and said dissenting opinions have been recorded or prepared as written declarations: None.

IV. Information on CPA Professional Fees:

(I) The professional fees paid to the CPAs are as follows:

Unit: NT$ thousand

Name of Accounting Firm	Name of CPA	CPA’s Audit Period	Audit Fee	Non-audit Fee(Note)	Total	Remarks
Crowe (TW) CPAs	Wang, Wu-Chang	2025/01/01~12/31	4,588	197	4,785	—
	Chen, Kui-Mei	2025/01/01~12/31				

Note: Non-audit services - report printing fee, NT$172,000, and travel expense, NT$25,000.

(II) Replacement of independent auditing firm and reduction in audit fees paid during the year of replacement compared with the previous year: N/A.

(III) Reduction in audit fees by more than 10% compared with the previous year: N/A.

(IV) On March 13, 2025, the Audit Committee and the Board of Directors of the Company evaluated the independence and suitability of the CPAs, and with reference to the audit quality index (AQI) to confirm that the audit team's audit professionalism is consistent with the industry standard.

Assessment of the independence of the CPAs:

1. There is no direct or material indirect financial interest and improper interest with the Group.
2. Not a director, supervisor, manager, or person with significant influence of the Group in the past two years.
3. None of the CPAs and members of the audit service team hold the Group's shares.
4. No loan or guarantee with the Group.
5. There is no close business relationship with the Group or the Group's directors, supervisors and managers.
6. No contingent fees related to the Group's unaudited cases.
7. The term of office of the attesting CPA is not longer more than 7 years.
8. The Group or its directors, supervisors and managers have not received gifts or gifts of great value.
9. No commission related to business was received.
10. There is no potential employment relationship with the Group.

Assessment of the competence of the CPAs:

1. The Company shall provide financial statements and provide financial statements in compliance with the requirements of the competent authority.
2. The issued financial statements are in compliance with the latest laws, regulations and requirements of the competent authorities.
3. The interaction with the management personnel of the Group is frequent and recorded.
4. The progress and completion of key audit matters and the appropriate communication with the governing body and the recording of the audit.
5. The annual tax return is signed and reported before the date of the next year's income tax payment.
6. Assist the Group in tax planning.
7. Update the laws, regulations, and public statements, and the information required by the competent authorities periodically.
8. The members of the Audit Team are stable and serve the Group.
9. The Company actively responds to the questions raised by the Group.
10. Assist the Group in communicating and coordination with the relevant competent authorities of the government.

V. Replacement of CPA:

(I) About the former CPA

<table>
<tr><td>Date of replacement</td><td colspan="4">N/A</td></tr>
<tr><td>Reason and explanation for replacement</td><td colspan="4">N/A</td></tr>
<tr><td rowspan="3">Specify whether the client or CPA terminates or rejects the appointment</td><td colspan="2">Counterparty / Circumstances</td><td>Certified Public Accountant</td><td>Client</td></tr>
<tr><td colspan="2">Terminate the appointment voluntarily</td><td colspan="2" rowspan="2">N/A</td></tr>
<tr><td colspan="2">No longer accepts (continues) the appointment</td></tr>
<tr><td>Issuance of the audit report opinions other than the audit report containing unqualified opinions in the most recent two years, and cause thereof</td><td colspan="4">N/A</td></tr>
<tr><td rowspan="6">Disagreement with the Company</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial reports</td></tr>
<tr><td></td><td colspan="2">Scope or steps of audit</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3"></td></tr>
<tr><td colspan="4">Description: N/A</td></tr>
<tr><td>Other disclosures
(To be disclosed under the subparagraphs 6.1(4) to (7) of Article 10 of the Standards)</td><td colspan="4">None</td></tr>
</table>

(II) About the successor CPA

Name of Accounting Firm	N/A
Name of CPA	N/A
Date of Appointment	N/A
Consultation about the accounting treatment or application of accounting principles to a specific transaction or the type of audit opinion that might be rendered prior to the formal engagement, and the consultation result	N/A
Written opinion from the successor CPA regarding the matters disagreed by the former CPA	N/A

(III) The former CPA’s response to the items referred to in the subparagraphs 6(1) and (2-3) of Article 10 of the Standards: N/A

VI. Name of auditing firm or its affiliates at which the Company’s chairman, president, or managers responsible for financial or accounting matters was an employee over the past year, their position and employment period: None.

VII. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

(I) Changes in equity of directors, supervisors, managers and major shareholders holding 10% or more stake:

Unit: shares

Title	Name	2025		Current year up to March 31	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Tsai Hsi-Yu	0	0	0	0
Director	Wu Mei-Ying	0	0	0	0
Director	Tsai Hsi-Chi	(1,205,000)	0	0	0
Director	Cheng Yi-Ming	(7,700,000)	0	0	0
Director	Lee Wen-Fa	0	0	0	0
Director	Cheng Chieh-Wen Note 1	0	0	0	0
Director	Detaiyu Investment Industrial Limited	0	0	0	0
Director	Tsai Cheng-Ting	0	0	79,400	0
Independent Director	Tseng Yung-Fu Note 2	0	0	—	—
Independent Director	Liu Huang-Chi	0	0	0	0
Independent Director	Hsu Li-Ming	0	0	0	0
Independent Director	Liu Tsung-Te Note 3	0	0	0	0
President (Concurrently serving as Vice President)	Hung Shih-Min	0	0	0	0
Vice President	Huang, Chun-Yung Note 4	0	0	—	—
Vice President	Chiang, Ming-Chi	0	0	0	0
Deputy Vice President	Tsai, Teng-Wei Note 5	0	0	0	0
Deputy Vice President	Chang, Chin-Yuan	0	0	0	0
Deputy Vice President	Ao, Kuo-yi	0	0	0	0
Deputy Vice President	Cheng, Yao-Ren Note 6	0	0	0	0
Deputy Vice President (concurrently serving as Finance Officer and Corporate Governance Officer)	Hsieh, Yu-Hsia	0	0	0	0
Accounting Officer (Manager)	Lin, Yi-chun	0	0	0	0

Note 1: Assumed office on June 19, 2025; Note 2: Relieved of duties on June 19, 2025; Note 3: Assumed office on June 19, 2025.
Note 4: Relieved of duties on July 9, 2025; Note 5: Assumed office on March 13, 2025; Note 6: Assumed office on March 13, 2025

(II) Equity transfer information:

Name	Reason of Transfer	Date of Transaction	Counterparty of the Transaction	Relationship between the counterparty and the Company, directors, supervisors, managers and major shareholders holding more than 10% stake	Shares	Transaction price
Cheng Yi-Ming	Disposal (Set paid-off)	2025.10.22	Arctic Investment Co., Ltd.	Shareholding through others by Directors	7,700,000	19.65
Tsai Hsi-Chi	Disposal (gifted)	2025.12.04	Tsai Wu, Hsueh-Ying	Spouse	1,200,000	20.25
Tsai Cheng-Ting	Acquisition (gifted)	2026.02.05	Huang, Chen-Chunag	Mother and son	79,400	20.50

(III) Equity pledge information: None.

VIII. Relationship information, if among the top ten shareholders any one is a related party or a relative within the second degree of kinship of another:

Unit: shares, %
April 25, 2025

Name	Shareholding		Shareholding of spouses and underage children		Total shareholding through others		Related parties, or spousal relationship or relatives within second degree of kinship, among top ten shareholders, including their names and relationships.		Remarks
	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Name	Relation	
Lee Wen-Fa	36,300,321	5.60%	0	0.00%	0	0.00%	Lee Wen-Lung Wu Mei-Ying	Brother Sister-in-Law	
Lee Wen-Lung	30,000,000	4.63%	12,780,790	1.97%	0	0.00%	Lee Wen-Fa Wu Mei-Ying	Brother Spouse	
Tsai Hsi-Chi	24,035,799	3.71%	7,325,746	1.13%	0	0.00%	Anxi Investment Tsai Hsi-Yu	Chairman Brother	
Amity New Co., Ltd.	20,728,751	3.20%	0	0.00%	0	0.00%	—	—	
Person in Charge: Cheng, Chieh-Wen							—	—	
Anxi Investment Co., Ltd.	18,887,007	2.92%	0	0.00%	0	0.00%	Tsai Hsi-Chi Tsai Hsi-Yu	Chairman Director	
Person in Charge: Tsai, Hsi-Chi							Tsai Hsi-Yu	Brother	
Tsai Hsi-Yu	17,844,010	2.76%	10,453,871	1.61%	0	0.00%	Anxi Investment Tsai Hsi-Chi	Director Brother	
Cheng Yi-Ming	17,179,211	2.65%	1,042,407	0.16%	14,063,000	2.17%	Cheng, Yao-Ren Chunmingyao Co., Ltd. etc.	Father and son Supervisor	
Chun, Ming-Yao Wenchuang Co., Ltd.	14,000,000	2.16%	0	0.00%	0	0.00%	Cheng Yi-Ming	Supervisor	
Person in Charge: Cheng, Yao-Ren							Cheng Yi-Ming	Father and son	
Wu Mei-Ying	12,780,790	1.97%	30,000,000	4.63%	0	0.00%	Lee Wen-Lung Lee Wen-Fa	Spouse Brother-in-law	
Lee, Tai-An	11,442,420	1.77%	0	0.00%	0	0.00%	—	—	

IX. The total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors, managerial officers, and any enterprise controlled either directly or indirectly by the Company:

Unit: shares; %
March 31, 2026

Reinvested Business	The Company's investment		Investment by directors and managers or by directly or indirectly controlled enterprises		Comprehensive investment	
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio
Chun Yuan Construction Co., Ltd.	26,451,364	26.33%	16,958,455	16.88%	43,409,819	43.22%
Chun Yuan Investment (Singapore) Pte. Ltd.	48,423,650	100.00%	—	—	48,423,650	100.00%
Chun Shyang Shin Yeh Industry Co., Ltd.	6,856,000	48.97%	3,000	—	6,859,000	48.99%

Note: Investment under equity method of the Company

I. Capital and shares

(I) Source of share capital

1. Source of share capital

Unit: thousand shares/NT$ thousand
March 31, 2026

Month /Year	Issuance Price	Authorized share capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Shares paid with properties other than cash	Others
2007.8	10	560,000	5,600,000	553,974	5,539,741	Capital increase from surplus	None	None
2008.8	10	700,000	7,000,000	576,133	5,761,330	Capital increase from surplus	None	None
2009.8	10	700,000	7,000,000	593,417	5,934,171	Capital increase from surplus	None	None
2011.8	10	700,000	7,000,000	634,956	6,349,563	Capital increase from surplus	None	None
2012.9	10	700,000	7,000,000	647,655	6,476,554	Capital increase from surplus	None	None

Note:
The effective date of the capital increase from surplus for 2007 was July 18, 2007, and the approval letter was Jin-Guan-Zheng-Fa-Zi No. 0960037644
The effective date of the capital increase from surplus for 2008 was July 11, 2008, and the approval letter was Jin-Guan-Zheng-Fa-Zi No. 0970034893
The effective date of the capital increase from surplus for 2009 was July 15, 2009, and the approval letter was Jin-Guan-Zheng-Fa-Zi No. 0980035444
The effective date of the capital increase from surplus for 2011 was July 14, 2011, and the approval letter was Jin-Guan-Zheng-Fa-Zi No. 1000032663
The effective date of the capital increase from surplus for 2012 was July 06, 2012, and the approval letter was Jin-Guan-Zheng-Fa-Zi No. 1010030014

Unit: shares

Type of shares	Authorized share capital			Remarks
	Outstanding Shares	Unissued shares	Total	
Registered Common Shares	647,655,390	52,344,610	700,000,000	Listed Shares

2. Information Related to Shelf Registration: N/A.

(II) List of Major Shareholders

April 25, 2025

Shares / Name of major shareholder	No. of shares held	Shareholding Ratio
Lee Wen-Fa	36,300,321	5.60%
Lee Wen-Lung	30,000,000	4.63%
Tsai Hsi-Chi	24,035,799	3.71%
Amity New Co., Ltd.	20,728,751	3.20%
Anxi Investment Co., Ltd.	18,887,007	2.92%
Tsai Hsi-Yu	17,844,010	2.76%
Cheng Yi-Ming	17,179,211	2.65%
CHUN, MING-YAO Wenchuang Co., Ltd.	14,000,000	2.16%
Wu Mei-Ying	12,780,790	1.97%
Lee, Tai-An	11,442,420	1.77%

(III) Dividend policy and Implementation:

1. Dividend policy set forth in the Articles of Incorporation:

   The Company's industry is fully developed, with stable profitability and a robust financial structure. For many years, the Company has been committed to diversified and high value added steel products and investments in high technology industries, to expand operational foundations. When formulating the earnings appropriation, the Company's financial structure, shareholders' equity, and stable dividends are taken into account. Except for the funds needed, the actual distributed earnings shall be 50% or more of the distributable earnings, and the cash dividends shall be no less than 10% of the sum of cash and share dividends.

2. On March 12, 2026, the Board of Directors resolved to distribute cash dividends of NT$2.0 per share.
3. Material change in dividend policy: None.

(IV) The effects of stock grants proposed at this shareholders' meeting on business performance and earnings per share: None.

(V) Employee and directors' remuneration:

1. Pursuant to the percentages or scopes of employees and directors' remunerations specified in the Articles of Incorporation:

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

   (1) Directors' remuneration: maximum 1%

   (2) Employee remuneration shall be 2% (of which entry-level employees shall account for no less than 95%).

2. Distribution of remunerations to employees and directors approved by the Board of Directors:

Share dividends		Cash dividend (NT$/share)	Remuneration to employees (NT$)	Remunerations to directors (NT$)	The estimated earnings per share after taking the distribution of remunerations to employees and directors into account (NT$)
Stock dividends from earnings (NT$ per share)	Stock dividends from capital reserve (NT$ per share)				
－	－	2.0	37,064,108	18,532,053	2.32

Note 1: The Company's Board of Directors approved the distribution of employee remuneration for 2025 in the amount of NT$37,064,108 (2%, entirely in cash) and directors' remuneration in the amount of NT$18,532,053 (1%, entirely in cash), which are consistent with the amounts of employee remuneration and directors' remuneration recognized in the 2025 financial statements.

Note 2: The proposed amount of share remuneration distributed to employees: 0.

Note 3: The percentage of the proposed amount of share remuneration distributed to employees accounted in the net profit after tax and the total amount of the employees' remuneration: 0%

3. The earnings from the previous year to be distributed as the remunerations to employees and directors:

	2024			
	Actual distribution resolved by the shareholders' meeting	Intended distribution approved by the Board of Directors	Difference	Reasons for difference
I. Distribution				
1. Cash remunerations to employees	NTD 27,113 thousand	NTD 27,113 thousand	NTD 0	－
2. Share remunerations to employees				
(1) Shares	－	－	－	－
(2) Amount	－	－	－	－
(3) Percentage of the outstanding shares of the year	－	－	－	－
3. Remunerations to directors	NTD 13,556 thousand	NTD 13,556 thousand	NTD 0	－
II. Information about earnings per share (NT$)				
1. Original earnings per share	NTD 1.65	NTD 1.65	NTD 0	－
2. Estimated earnings per share (Note)	NTD 1.65	NTD 1.65	NTD 0	－

Note: The Company's shareholders' meeting resolved to distribute employee remuneration for 2024 in the amount of NT$27,112,542 (2%, entirely in cash) and directors' remuneration in the amount of NT$13,556,270 (1%, entirely in cash), which are consistent with the amounts of employee remuneration and directors' remuneration recognized in the 2024 financial statements.

(VI) Status of a company repurchasing its own shares: None.

II. Issuance of corporate bonds: None.

III. Issuance of preference shares: None.

IV. Global depositary receipts: None.

V. Employee share subscription warrants: None.

VI. New restricted employee shares: None.

VII. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies : None.

VIII. Implementation of the Company's capital allocation plans: The Company has no uncompleted public issue or private placement of securities, nor issues and placements that were completed in the most recent 3 years that have not yet fully yielded the planned benefits.

I. Description of business

(I) Scope of business

1. Description of business and proportion of business

Description of business	Proportion of business
Steel sheets	32.54%
Engineering service revenue	54.42%
Special steel strips	4.27%
Special steel products	4.08%
Electrical steel	2.26%
Storage systems	1.59%
Revenue from processing	0.60%
Angle steel	0.24%

2. New products/new technologies planned

In order to satisfy clients and operate sustainably, the Company pursues revenue growth and creating income based on a spirit of growth and client service. New development plans include:

(1) Steel Business Department: Promotion of sales of high-strength materials, including market development for automotive, construction materials, and furniture products; as well as ongoing advancement of projects such as digital transformation and upgrading of factory production.

(2) Direct Sales Business Division: Continued sales and promotion of CSC green steel projects; fulfillment of material requirements for customers in the server and automotive aftermarket (AM) industries and development of new specifications; upgrading of automated feeding systems for factory cutting equipment; and ongoing advancement of projects such as digital transformation and upgrading of production.

(3) Special Steel Strip Department: Development of materials for sports equipment and high-quality surface applications, development of high value-added steel strip products, and continued expansion into overseas markets to provide more comprehensive and diversified high-quality products.

(4) Special Steel Business Division: Strengthen the development of new material sources and quality management for special steel, provide high-quality materials for the machinery industry, meet material requirements for linear guides, motorcycles, and robotic components, enhance the value chain of production processes, leverage industrial cluster advantages, and increase product value-added.

(5) Electrical Steel Division: Continue advancing projects on self-bonding coated silicon steel material processes and high-speed motor development, collaborate on the extension and promotion of CSC new materials, and jointly develop new products with customers; in response to energy-saving trends, provide design services for high-efficiency motors and new core molds for market launch.

(6) Automated Warehousing Business Division: Introduce technological cooperation for automated high-bay warehouse systems, apply 3D software to modularize various racking components, and continue advancing projects for automation and digital upgrading of factory production equipment.

(7) Construction Division: Introduce new high-power laser cutting machines to expand steel structure production capacity; continue advancing R&D on automated steel structure welding technologies; upgrade plant power systems to optimize electricity usage structures and promote energy-saving improvements; expand the deployment of large tower crane equipment at construction sites to enhance overall lifting capacity for projects.

(II) Overview of the industry

1. Review of the steel industry

Reviewing 2025, despite high international political and economic uncertainties, China's overcapacity in steel leading to external dumping, and the United States imposing tariffs of up to 50% on steel and aluminum under Section 232, the overall steel market gradually recovered driven by expectations of market improvement.

According to statistics from the World Steel Association (WSA), global crude steel production in 2025 totaled 1.8494 billion tons, representing a decrease of 2.0% compared to the previous year. From a regional and total production perspective, Asia decreased by 2.5%, with China, Japan, South Korea, and Taiwan declining by 4.4%, 3.9%, 2.7%, and 10.9%, respectively, while Vietnam and India increased by 12.3% and 10.4%, respectively. In other regions, the European Union and the Commonwealth of Independent States decreased by 2.5% and 4.1%, respectively, while North America increased by 1.4%.

Production volumes in the major steel-producing countries in 2025 Unit: million tons, %

Region	2024	2025	Percentage of the region	Compared to 2024	Growth rate
27 EU countries	129.5	126.2	6.8%	-3.3	-2.5%
Other European ountries	43.2	42.8	2.3%	-0.4	-0.9%
Commonwealth of Independent States	84.8	81.3	4.4%	-3.5	-4.1%
North Americas	105.9	107.4	5.8%	1.5	1.4%
South Americas	41.9	41.5	2.2%	-0.4	-1.0%
Africa	22.3	23.2	1.3%	0.9	4.0%
Middle East	54.1	56.9	3.1%	2.8	5.2%
Oceania	5.4	5.8	0.3%	0.4	7.4%
Asia	1,352.3	1,318.7	71.3%	-33.6	-2.5%
China	1,005.1	960.8	52.0%	-44.3	-4.4%
Taiwan	19.2	17.1	0.9%	-2.1	-10.9%
Japan	84.0	80.7	4.4%	-3.3	-3.9%
Korea	63.6	61.9	3.3%	-1.7	-2.7%
India	149.4	164.9	8.9%	15.5	10.4%
Thailand	4.9	5.0	0.3%	0.1	2.0%
Vietnam	22.0	24.7	1.3%	2.7	12.3%
Pakistan	4.1	3.6	0.2%	-0.5	-12.2%
Asia others	36.3	36.8	2.0%	0.5	1.4%
Other countries	44.1	41.8	2.3%	-2.3	-5.2%
Total of the steel-producing countries	1,886.8	1,849.4	100.0%	-37.4	-2.0%

In terms of steelmaking costs, the iron ore market in 2025 experienced fluctuations throughout the year, with an annual average price of USD 102.33 per ton. The highest and lowest prices were USD 109.05 per ton and USD 93.1 per ton, respectively. The price in December 2025 reached USD 107.19 per ton, representing an increase of 3.5% compared to December 2024. With changes in the global steel industry, iron ore prices have exhibited smaller fluctuations compared to previous years.

Price list of iron ore: 62% iron content Unit: USD/ton, %

Item/Year	2024.12	2025.03	2025.06	2025.09	2025.12
Iron ore	103.61	102.04	94.47	105.29	107.19
Compared to last year (base)		-1.5%	-8.8%	1.6%	3.5%
Compared to last quarter		-1.5%	-7.4%	11.5%	1.8%

Regarding coking coal, the market in 2025 showed a trend of declining first and then rising. In Q1, the market continued the sluggish sentiment from the end of 2024, reaching the lowest price of the year at USD 175.00 per ton, with a quarterly decline of as much as 12.6%, reflecting that global manufacturing demand had not yet fully recovered at that time. Entering Q2, market sentiment began to shift, with prices reversing from decline to growth and rising quarter by quarter. By Q3, prices had rebounded to USD 187.46 per ton, narrowing the gap with the same period of the previous year. In Q4, the market experienced a strong rebound, with a quarterly increase of 13.1%, ultimately closing at USD 211.95 per ton, resulting in an annual growth of 5.9%.

Australian coking coal prices Unit: USD/ton, %

Item/Year	2024.12	2025.03	2025.06	2025.09	2025.12
Australian coking coal	200.15	175.00	178.40	187.46	211.95
Compared to last year (base)		-12.6%	-10.9%	-6.3%	5.9%
Compared to last quarter		-12.6%	1.9%	5.1%	13.1%

In 2025, the steel industry sought balance amid uncertainties. Although most steel product prices showed a slight downward trend within a narrow range during the first three quarters due to insufficient momentum in global manufacturing, the rebound in general-grade material prices toward the end of the year laid the foundation for demand recovery in the following year. Taiwan's steel industry continued to face numerous challenges in 2025, and the recovery of market demand will require time. It is necessary to actively adjust strategies to address price fluctuations and market demand uncertainties.

Wholesale price of China Steel and qoq comparison: Unit: NT$/ton, %

Type of steel	Period	Item	2024.12	2025.03	2025.06	2025.09	2025.12
Hot-rolled coil	Monthly wholesale price	General materials	27,290	27,290	27,190	27,190	27,690
		Increase/decrease from last period	0.0%	0.0%	-0.4%	0.0%	1.8%
	Quarterly Wholesale price	Automotive materials	32,360	32,360	32,360	31,860	31,860
		Increase/decrease from last period	-2.4%	0.0%	0.0%	-1.5%	0.0%
		Medium carbon steel	28,540	28,540	29,040	28,240	28,240
		Increase/decrease from last period	-3.4%	0.0%	1.8%	-2.8%	0.0%
		Tool steel	31,240	31,240	31,740	30,940	30,940
		Increase/decrease from last period	-3.1%	0.0%	1.6%	-2.5%	0.0%
Cold rolled coil	Monthly wholesale price	General materials	29,730	29,730	29,630	29,630	30,130
		Increase/decrease from last period	0.0%	0.0%	-0.3%	0.0%	1.7%
	Quarterly Wholesale price	Automotive materials	35,140	35,140	35,140	34,640	34,640
		Increase/decrease from last period	-2.2%	0.0%	0.0%	-1.4%	0.0%
		Medium carbon steel	30,280	30,280	30,780	29,980	29,980
		Increase/decrease from last period	-3.2%	0.0%	1.7%	-2.6%	0.0%
		Tool steel	35,880	35,880	36,380	35,580	35,580
		Increase/decrease from last period	-2.7%	0.0%	1.4%	-2.2%	0.0%
Galvanized steel coils	Monthly wholesale price	General materials	33,550	33,550	32,950	32,850	32,850
		Increase/decrease from last period	-0.3%	0.0%	-1.8%	-0.3%	0.0%
Electrical steel coils	Monthly wholesale price	High-spec	37,090	37,090	36,490	36,390	36,390
		Increase/decrease from last period	-0.8%	0.0%	-1.6%	-0.3%	0.0%
		Mid- and low spec	33,690	33,690	33,090	32,990	32,990
		Increase/decrease from last period	-0.9%	0.0%	-1.8%	-0.3%	0.0%

In terms of imports and exports, Taiwan recorded a trade surplus of NT$4,854.2 billion in 2025, an increase of NT$2,267.6 billion compared to the previous year (trade surplus of NT$2,586.6 billion). Among these, export value in 2025 reached NT$19,910.4 billion, representing an increase of 30.68% compared to 2024, while imports amounted to NT$15,056.2 billion, reflecting a year-on-year increase of 19.03%. Both exports and imports recorded positive growth compared to 2024, mainly driven by emerging opportunities fueled by high-performance computing and AI (artificial intelligence), as well as surging demand for related electronic components and cybersecurity products.

Value of Taiwanese imports/exports in the past five years Unit: NT$100 million

Item/Year	2021	2022	2023	2024	2025
Export value	125,016	142,182	134,825	152,355	199,104
Import value	106,970	127,025	109,451	126,489	150,562

The import and export performance of Taiwan's steel industry was less robust compared to the overall trade figures, with export volume declining and import volume decreasing, resulting in a trade surplus of NT$113.4 billion. Among these, export value amounted to NT$458.5 billion, representing a decrease of 11.42% compared to 2024, while import value was NT$345.1 billion, a decrease of 13.88% compared to the previous year.

Value of Taiwanese steel industry imports/exports in the past five years

Unit: NT$100 million

Item/Year	2021	2022	2023	2024	2025
Export value	6,167	6,701	5,327	5,176	4,585
Import value	4,273	4,102	3,598	4,007	3,451

2. Links between the industry upstream, midstream, and downstream

Upstream:

The upstream raw materials of the steel industry are steel billets and stainless steel billets, both needing to be manufactured through steelmaking procedures. Steelmaking methods can be divided into blast furnace steelmaking and electric arc furnace steelmaking. The primary raw materials for blast furnace steelmaking are iron ore and coking coal (also known as metallurgical coal), with China Steel Corporation (CSC) as a representative producer; the primary raw material for electric arc furnace steelmaking is scrap steel. Due to Taiwan's insufficient self-sufficiency in raw materials and energy required for steelmaking, scrap steel, crude steel, and billets largely rely on imports, which relatively constrains the development of domestic midstream and downstream industry players.

Midstream:

Midstream products in the steel industry include carbon steel products such as hot- and cold-rolled steel coils, rebar, wires and bar rods. In the stainless steel category, there are cold- and hot-rolled stainless steel coils, stainless steel rods and wires and steel profiles, as well as downstream processes like cutting, processing, and pipe manufacturing.

Downstream:

The steel industry is considered the foundation of industry, with a wide range of downstream applications. These include various metal products, molds, machinery and equipment, transportation tools, screws, nuts, steel wires, cables, and the various steel materials required for industrial facilities and construction projects, such as stainless steel pipe fittings, micro connectors, construction hardware, lock products, and more.

3. Competition

The relevant market of Taiwan's steel industry is a fully competitive market. Most steel types can be manufactured and produced by domestic steel mills, while other special steel can be imported by applying for approval and other methods. Various operators are unable to significantly differentiate themselves in terms of material acquisition. From the perspective of pricing and costs, suppliers have long held control over pricing, while downstream customers have good access to information about raw material prices. This puts pressure on intermediate vendors, compressing their profit margins from both ends, leaving them with almost no profitability and making their overall operating conditions quite challenging. Furthermore, Taiwan's domestic economy is small-scale, resembling a "shallow dish" market that is highly susceptible to fluctuations in the international market. This is especially true for the steel industry, which currently faces oversupply. Price-cutting competition is prevalent, making the market extremely competitive.

4. Future development trends

Looking ahead to 2026, investment related to artificial intelligence has become a core driver of global economic growth, not only enhancing manufacturing productivity but also stimulating cross-border trade in services. However, amid rising global trade protectionism and the impact of geopolitical conflicts, whether AI investment can deliver the expected gains in productivity remains a key challenge for the economic outlook. The IMF forecasts that global economic growth in 2026 will be 3.3%, with the United States, the Euro area, and China expected to grow by 2.4%, 1.3%, and 4.5%, respectively.

Country	Global	U.S.	China	Eurozone	Japan
IMF	3.3%	2.4%	4.5%	1.3%	0.7%

In terms of Taiwan's overall economy, the Directorate-General of Budget, Accounting and Statistics (DGBAS) has significantly revised this year's economic growth rate upward to 7.71%, with GDP per capita expected to surpass the USD 44,000 threshold. Growth momentum is driven not only by the continued strength of AI and high-performance computing demand, which has propelled exports to reach record highs, but also by robust growth in the domestic consumption market.

For the steel industry, while emerging markets (such as India and ASEAN countries) are showing strong infrastructure momentum, the economic outlook in Europe, the United States, and China remains relatively conservative. The pace of recovery in downstream steel demand is limited, and slight declines in iron ore prices, along with renewed risks from U.S. tariff policies, are exerting pressure on the industry's recovery.

In Taiwan's steel industry, although global political and economic conditions remain uncertain, domestic demand is supported by TSMC's capacity expansion and major public infrastructure projects. In addition, China's implementation of a new round of steel export controls since the beginning of the year is expected to improve the global supply-demand balance and pricing conditions in the steel market. Furthermore, progress in Taiwan-U.S. tariff negotiations will help reduce tariff burdens on downstream products exported to the United States, thereby supporting a recovery in exports and downstream demand.

In the construction sector, the Taiwan Institute of Economic Research (TIER) business climate monitor indicates a renewed downward trend in 2026, declining from 102.46 points in December 2025 to 99.92 points in January 2026. Looking ahead, the impact of the previous disruption in earthwork supply is expected to ease as the National Land Management Agency continues to introduce supporting measures, allowing delays in the commencement of certain public and private projects to be alleviated. In addition, major transportation infrastructure projects across various cities and counties have entered intensive construction phases, and the continued momentum of AI-related opportunities will enable domestic and international high-tech companies to steadily advance their plant construction plans, continuously releasing related plant construction, electromechanical, and piping projects. Therefore, the outlook for the construction industry over the next six months is expected to shift toward growth.

(III) Overview of technologies and research and development work

By implementing the concepts of “seeking innovation and change,” “expanding the future,” “collective efforts,” and “pursuing goals,” the Company accelerates corporate growth and sustainable operations. In addition to actively contacting and collaborating with well-known domestic and foreign research institutions and enterprises, it also integrates related resources within the Company. The R&D Technology Department assists R&D units under each division for the extension or development of products, for the series promotions of equipment and technologies, upgrading, and reengineering of the main equipment of the plants, and automation/labor-saving improvements of production equipment to enhance competitiveness.

The Company's R&D innovation in the field of technology is mainly implemented through the promotion of "R&D projects" by business units to actively enhance innovation strength, maintain the development momentum of new technologies, and apply for patents for the results of technological development as the Company's intellectual property (as of the end of 2025, there were a total of 10 patents). Among them, the technical areas of patent application mainly include storage racking, motor electromagnetic steel sheet design, steel structure bridges and building construction methods. In addition, business, technical information, and trade secrets are protected against leakage in accordance with employee information security and employment contract provisions.

In 2025, the introduction of new technologies and equipment, as well as improvements to existing production equipment, technologies, and processes, were all aimed at automation and labor-saving, enhancing processing efficiency and effectiveness, and thereby increasing added value. Successful examples of improvements are as follows:

1. Steel Business Department, Xizhi Plant: Implementation of equipment networking projects and machine scheduling optimization initiatives, along with the continued promotion of factory automation and labor-saving improvements to provide a high-quality working environment.
2. Direct Sales Business Division, Kaohsiung Plant: Development of new shearing machine processing modes, digitalization of electromechanical maintenance management, smart application development for steel coil logistics shipment APP, digital application and upgrade improvements, and promotion of labor-saving measures across factory production operations.

3. Rolling Mill, Special Belt Business Division: Digital optimization of quality certificate data and dynamic digital monitoring of equipment to enhance operational safety, maintain stable equipment utilization, and improve productivity.
4. Special Steel Business Division: Installation of new high-speed circular saw equipment, energy-saving optimization of the compressed air system, and improvements to saw blade wear in cutting equipment, in order to reduce production costs, expand capacity, and enhance competitiveness.
5. Silicon Steel Business Department, Taichung Plant: Successful development and mass production of self-bonding coated silicon steel material processes, with continued advancement in technological innovation for motor production and core design to enhance technical competitiveness.
6. Automated Warehousing Business Division: Introduction of robotic arms into welding workstations, optimization of production processes and layout, installation and commissioning of new floor panel forming machines, optimization of racking component design, and enhancement of market competitiveness.
7. Construction Division, Steel Structure Plant: Completion and commencement of operations of a new plant, replacement and upgrading of new CNC equipment and bending machines, development of automated welding technology for internal diaphragms of box steel columns, and installation of new high-power laser cutting equipment to expand production capacity and enhance overall efficiency in steel structure processing.

2025 and up to the publication date of the annual report, the Company’s R&D expenses:

2025	January to December	: NT$30.82 million
2026	January to March	: NT$10.93 million

(IV) Long- and short-term business development plans

1. Short-term objectives

No matter how the economy fluctuates, the company will continue to monitor market and customer dynamics in order to remain flexible and responsive in a constantly changing business environment. The Company will focus on strengthening "customer management," "accounts management," and "inventory control." The goal is to maintain existing customers, acquire new ones, increase customer numbers and market share, and reduce excessive industry concentration. At the same time, the company will prudently manage materials, optimize invoicing, and shorten inventory turnover days.

In Taiwan, each business division will continue to review the capabilities of various equipment and implement replacement and upgrades based on actual needs to fulfill its commitment to customer quality assurance. For example, in 2025, the Construction Division approved investments in box column (BOX) plate bending equipment, automated laser cutting equipment, H-beam chamfering machines, and CNC plasma cutting machines at the steel structure plant; the Steel Plate Division approved two trucks; the Direct Sales Division approved one truck; and the Automated Warehousing Division approved a new floor panel forming production line for heavy-duty mezzanine racks. These investments will continue to build competitive advantages over peers and achieve operational objectives of revenue and profit growth. In China, the reinvestment division has fully integrated the sales networks in coastal regions, including South China, East China, and North China, to provide local customers with more direct and convenient services.

2. Long-term objectives

Chun Yuan Steel is one of the largest steel cutting and processing and distribution companies in Taiwan. Its processing mainly cover shearing, cutting, punching, rolling, welding, folding and assembling. The steel products include steel sheets, hot-rolled and cold-rolled steel, rolled, plated, electrical steel sheets, special steel strip/rod, and copper and aluminum alloys and other sheets. Services are provided to all industries, but mainly to the transportation industry, 3C and appliance industry, machinery industry, hardware furniture industry and steel structure engineering. The Company plays a key role in the steel industry chain. Facing the volatility of the steel industry, the concept of "talent cultivation" is implemented. Every Chun Yuan employee always upholds an attitude of "sincerity, confidence, diligence, and responsibility," and a working method of "seeking innovation and change, expanding the future, collective efforts, and pursuing goals," to be cautious but expend their utmost effort, to fully implement the annual key tasks. Long-term business philosophy is "developing related industries around metals," to continuously build competitive advantages over peers, and to pursue the corporate mission of "respecting, serving, and satisfying clients, while improving the quality of employees' lives and maximizing shareholders' equity." The Company will realize its vision of becoming the "professional provider of metal material solutions."

II. Analysis of the market and the production and marketing situation

(I) Market analysis

1. Major industries the Company sells products to

Among the domestic industries demanding steel, for the automotive industry, domestic automotive sales volume in 2025 was 414,000 units, an declined of 9.5% from 457,000 units in 2024. Among these, domestic vehicles declined by 10.5%, with market share falling to 51.3%, while imported vehicle sales decreased by 8.4%, with market share rising to 48.7%. Looking ahead to 2026, as Trump's tariff policies become clearer and coupled with the reduction in commodity tax on new vehicle purchases, consumer demand in the automotive market is expected to be supported. The market anticipates that the total size of the automotive market may remain at a level similar to 2025, or even recover to the previous level of 440,000 units.

In the machinery sector, Taiwan's total annual exports reached USD 31.859 billion, representing an increase of 9.1% compared to the previous year. Although in 2025 the machinery industry was affected by negative factors such as U.S. economic conditions, geopolitical conflicts, significant depreciation of JPY and KRW, and dumping of low-priced products from China, strong end-market demand driven by AI and high-performance computing supported exports of electronic equipment-related machinery products. In the machine tool sector, exports in 2025 amounted to USD 2.004 billion, representing a decline of 9.6% compared to 2024, indicating that the market continued to be affected by insufficient demand momentum, while the relatively strong NT$ against JPY continued to impact export competitiveness in the industry. Looking ahead to 2026, machinery exports in January have recorded positive growth for 12 consecutive months, indicating that the overall industry has stabilized and is recovering. The machine tool industry is expected to benefit from demand driven by semiconductor capacity expansion and energy transition, and its output value and exports are viewed with cautious optimism.

In the construction sector, 260,000 property ownership transfers were recorded in 2025, representing a decline of 25.5% compared to 2024 and marking a nine-year low. Looking ahead to 2026, cumulative property ownership transfers from January to February totaled 10,480 units, representing a decrease of 32.8% compared to the same period of the previous year, indicating that the housing market continues to be affected by domestic mortgage policies and credit controls, with transaction activity cooling. In terms of domestic investment, the Directorate-General of Budget, Accounting and Statistics (DGBAS) expects exports, consumption, and private investment to all show growth in 2026. In addition, the "Business Climate Survey" released by the Taiwan Institute of Economic Research (TIER) in February indicates that, due to the National Land Administration’s formal implementation of the new system for the disposal and transportation of surplus construction soil, some public and private projects have been unable to commence as scheduled or have been suspended. Once supporting measures are introduced, project delays are expected to be alleviated. Furthermore, as major transportation infrastructure projects across various cities and counties enter intensive construction phases and AI-driven opportunities continue to advance plant construction plans of technology companies, growth is expected to continue over the next six months.

Looking ahead to 2026, uncertainties in U.S. economic and trade policies and geopolitical tensions mean that the global economy continues to face numerous risks. However, the ongoing surge in generative AI is expected to support end-market demand, and global trade is projected to grow steadily. The IMF’s latest forecast in January places global economic growth at 3.3%, unchanged from the previous year. Taiwan has benefited from the rapid expansion of the AI industry, with the Directorate-General of Budget, Accounting and Statistics (DGBAS) revising last year’s economic growth upward to 8.68% in February, and forecasting continued growth in private consumption, exports, and investment in 2026. Even under the influence of a high base effect, the economic growth rate is still expected to reach 7.71%. According to the "Current Economic Situation" report issued by the National Development Council in February, the potential risks of the global economy require special attention to:

(1) Geopolitical Conflict:

The Middle East conflict between the United States and Iran and the ongoing Russia-Ukraine war persist, affecting oil supply chains and commodity prices, which may lead to renewed inflationary pressures.

(2) Weakness of China's economy:

China’s strong export competitiveness has intensified global trade frictions, prompting countries to adopt anti-dumping and countervailing measures, which have slowed the growth of China’s exports. In addition, weak domestic consumer confidence and a continued downturn in the real estate market will directly impact China’s consumer market, raising concerns over economic and financial risks and potentially constraining economic growth.

(3) Uncertainty of U.S. economic and trading policies:

U.S. tariff policies face legal validity concerns, and there remains high uncertainty regarding their scope of application and intensity. This will affect market trends and corporate strategies. If trade barriers increase, it may intensify pressure on supply chain adjustments, weaken business and consumer confidence, and constrain global economic growth momentum.

(4) Uncertainty in monetary policies:

Although inflation pressures in major economies have moderated, core inflation remains persistent. This, coupled with continued global tensions, limits the flexibility of central banks' monetary policies. With global interest rates still relatively high, the sustainability of debt in countries with high sovereign debt is at risk, potentially exacerbating volatility in the financial markets.

(5) Risk of an AI bubble bursting:

AI end-use applications are not yet fully mature; however, substantial capital has already flowed into related technology industries, driving stock prices to surge beyond fundamentals. If corporate valuations cannot be effectively translated into actual productivity and profitability, it may trigger significant volatility in financial markets.

2. Future demand-supply and growth of the market

(1) Steel sheets:

Major steel-consuming industries include machinery, shipbuilding, and steel structure industries. Among these, in the construction sector, according to the business climate survey released by the Taiwan Institute of Economic Research (TIER) in February, housing market demand has cooled due to mortgage policies and credit controls. However, semiconductor companies’ capacity expansion will generate demand for related plant construction, electromechanical, and piping projects. Therefore, the outlook for the next six months is expected to be positive.

(2) Hot-rolled coils:

Hot-rolled steel coils serve as the substrate for cold-rolled steel coils and hot-dip galvanized steel coils. Cold-rolled steel coils, in turn, are the materials for galvanized steel sheets such as electrical galvanized steel and electrical steel sheets. These steel products are widely used in industries such as transportation, machinery, hardware parts, piping, and construction. With versatile applications and strong global demand, they play a crucial role in various sectors. Looking ahead to 2026, benefiting from the reduction in commodity tax on new vehicle purchases, domestic automobile sales are expected to be supported, and demand for hot-rolled steel coils is viewed with cautious optimism. In the machinery sector, driven by a surge in demand for semiconductor equipment and continued capacity expansion by technology companies, the overall industry outlook is expected to maintain its growth momentum.

(3) Cold-rolled coils and clad steel:

Domestic cold-rolled coils are self-sufficient, supplying the base material of plated steel sheets, and they satisfy the demands of appliances, transportation, optoelectronics, construction, and hardware. As the production of domestic computers, communication and consumer electronics and appliances has moved abroad, demand is not strong. The main demand will be concentrated in the emerging markets like China and Southeast Asia. However, it is still facing the pressure of competition from China’s low-priced steel and tariff pressures from Taiwan’s lack of foreign trade agreements.

(4) Electrical steel sheets:

The core material for various types of motors, transformers, generators and other electric energy conversion equipment. The main downstream industries are transformers/ballasts, fans and motors. Due to the relocation of industries such as ceiling fans, EI laminations, and motors to China and Southeast Asia, domestic demand has contracted significantly. In addition, the rise of Chinese steel mills, with steadily improving quality and a low-price advantage, has enabled them to compete for market share in both local and Southeast Asian markets. Meanwhile, the stamping and assembly capabilities of related midstream and downstream manufacturers have become increasingly mature, which is unfavorable to Taiwan’s export order acquisition.

(5) Non-iron metals:

Aluminum alloy plates are lightweight and have excellent heat dissipation, and are widely used in PC/NB casings, keyboards, mobile phone components, heat sinks, and TFT-LCD backlight panels. The domestic labor market remains stable, and rising wages have also supported consumer demand. In addition, the rapid development of AI end-use products is expected to drive a replacement cycle for PCs and notebooks. Meanwhile, the automotive market, in response to lightweight design requirements, is gradually incorporating aluminum alloy plates; however, due to cost considerations, their application is currently more prevalent in high-end vehicles, while domestically produced vehicles remain primarily price-competitive, making it difficult for demand to grow significantly. Overall, expanding domestic sales of this product remains challenging.

Copper products are mainly brass sheets, red copper sheets, and phosphor bronze sheets, which are widely used in computers, communication and consumer electronics and hardware terminals and connectors. The demand is stable and is deeply affected by exchange rate and LME futures fluctuations. In the long term, growth in China’s consumption, rising demand in the Indian market, the development of consumer and automotive electronics, and the global expansion of electric vehicles are all expected to drive continued growth in demand for copper products.

3. Positive and negative factors for future development, and the Company's response to such factors

Looking at the domestic and international steel markets, the favorable and unfavorable factors for the Company's future market development are as follows:

- Positive factors

(1) As the global economy recovers steadily, end-market demand is expected to improve. Coupled with sustained strong demand for emerging technologies such as AI and the gradual recovery of traditional industries, this is expected to boost Taiwan's export and production momentum. In addition, private investment is expected to increase capital expenditures due to semiconductor capacity expansion and airline fleet expansion. Together with a stable labor market and domestic consumption, as well as easing inflation expectations, Taiwan's economy is expected to maintain stable growth. Major domestic and international institutions generally forecast that Taiwan's economic growth in 2026 will exceed 3.5%, while the Directorate-General of Budget, Accounting and Statistics (DGBAS) projects that Taiwan's economic growth rate could reach 7.71%. In summary, a recovery in downstream steel demand is expected, and the overall outlook for the steel industry can be viewed with cautious optimism.

(2) In recent years, China's excess steel production capacity and the spillover of low-priced exports have impacted the global steel market. However, with the implementation of production reduction plans in 2025, if such reductions continue, the global steel market may move beyond the shadow of low-priced dumping and achieve structural supply-demand balance along with a recovery in prices.

(3) At the end of 2025, China Steel Corporation (CSC) filed anti-dumping applications against imported hot-rolled steel from China and imported electrical steel from China and South Korea to maintain fair trade competition. If approved, these measures will help protect Taiwan's steel industry supply chain, reduce the impact of low-priced imported steel on the domestic market, and stabilize domestic steel prices.

(4) The Company sells to various industries, serves a wide range of clients, with diversified and quality offerings, and the production and processing technologies are deeply trusted by clients. The Company is able to instantly and completely grasp the market pulse and clients' needs. All divisions fully cooperate and support each other, offering one-stop procurement for clients, to maximize the value of the channels.

➢ Unfavorable factors

(1) The escalating Middle East conflict between the United States and Iran has led to rising oil prices and supply chain disruptions, which will directly impact consumer prices and corporate operating costs. If oil prices continue to rise, it may further increase the risk of stagflation and trigger a global economic downturn.

(2) If inflation remains elevated, the Federal Reserve may slow the pace of interest rate cuts, increasing global economic uncertainty and financial market volatility, thereby restraining corporate investment and expansion plans and adversely affecting overall economic development.

(3) According to the manpower demand survey for Q3 2025 released by the Ministry of Labor in January 2026, the construction engineering industry recorded as many as 17,659 job vacancies in the third quarter, with a vacancy rate of 3.4%, indicating that it is an industry with a relatively high vacancy rate and longer external recruitment periods. This indicates that human resource demand continues to put pressure on labor scheduling, costs, and project timelines in the construction industry.

➢ Responses

(1) Leverage the long-term collaborative relationships with upstream steel mills, and in response to exchange rate trends, expand the acquisition of niche sources, to reduce material costs and serve long-term quality clients, to ensure revenue and profit.

(2) The Company precisely understands the needs of clients, handles materials prudently, undertakes proper procurement, sales and inventory management, operates with the most appropriate inventory, and effectively reduces the demand for working capital.

(3) Various cost-rationalization and cost-saving programs are implemented to strengthen competitiveness.

(4) The Company maintains close integration with its overseas subsidiaries and is actively expanding its export customer base in Southeast Asia. These efforts aim to reduce over-reliance on specific industries—such as transportation—and markets like China, thereby mitigating the risks associated with operational volatility.

(5) The Company is expanding new industries and new clients, and is making every effort to develop customized products, to meet clients' demands for materials.

(6) The Company develops new products and new technologies, introduces new manufacturing processes and new equipment, and ensures that production and processing technologies and product quality continue to lead the industry.

(II) Usage and manufacturing processes of main products

Materials	Production process	Product name	Purpose
Hot-rolled coil	Cropping and flattening	Hot rolled steel sheets	Construction, machinery, and durable equipment
	Stripping	Hot rolled stripped coils	
	Stripping and rolling to form	Light shaped steel	Construction use
Cold rolled coil	Cropping and flattening	Cold-rolled steel sheet	Parts for common domestic tools and items, automotive components
	Stripping	Cold-rolled stripped coils	Automotive components, metal products, sports equipment
Enamel steel coils	Cropping, flattening, and stripping	Enamel steel sheets, enamel steel stripped coils	Colorful cookers, pots and cups, basins, bathtubs, and walls
Plated steel coils	Cropping and flattening	Plated steel sheets	Parts of appliances, automotive gas tanks, exhaust pipes, air conditioner and refrigerator parts
	Stripping	Plated steel stripped coils	
Thick plates	Cutting, welding, drilling, assembling	Welded H-shape steel	Steel construction, machinery, bridges, and other steel structures
		Welded H-shape honeycomb steel	
		Steel junction plates	
		Steel reinforced plates	
		Machinery parts	
		Steel construction	
Electrical steel sheets (coils)	Stripping, stamping	Motor cores, EI sheets	Motors, transformers, rectifiers
	Stripping	Electrical steel strips	
Special steel products	Sawing	Sheets, bars, round steel, square steel, and angle steel	Machines, cars, parts, molds
High-carbon steel coils	Stripping, cold rolling, annealing, and tempering	Cold rolled high-carbon steel stripped coils	Stationery supplies, springs, and tool parts
Steel Sheet parts	Forming, assembling, and installing	Logistics equipment	Storage and management of materials, tapes, and files
		Light-, mid-, and heavy-duty material racks	
		3D automated storage systems	

(III) Supply situation for major raw materials

Name	Major source	Supply situation
Steel sheets and coils	China Steel and Japan	Good
Steel sheets for construction	China Steel	Good

(IV) Data of clients accounting for 10 percent or more of the total procurement (sales) amount in either of the two most recent fiscal years

1. Major suppliers in the two most recent years

Unit: NT$ thousand

	2025				2024				2026 up to the previous quarter			
Item	Name	Amount	Percentage of net amount of purchased goods for the whole year (%)	Relation to the issuer	Name	Amount	Percentage of net amount of purchased goods for the whole year (%)	Relation to the issuer	Name	Amount	Percentage of net amount of purchased goods for the current year up to the previous quarter (%)	Relation to the issuer
1	China Steel	6,056,552	48	None	China Steel	6,417,667	47	None	–	–	–	–
2	Toyota Tsusho (Taiwan) Co., Ltd.	2,138,603	17	None	Toyota Tsusho (Taiwan) Co., Ltd.	2,417,116	18	None	–	–	–	–
	Others	4,394,161	35		Others	4,698,890	35		–	–	–	–
	Net amount of purchases	12,589,316	100		Net amount of purchases	13,533,673	100		–	–	–	–

1. Reason of changes: Procurement plans were adjusted to adapt to the changes of the supply-demand situation and prices.
2. The publication date of the Company's annual report is March 31, 2026. Therefore, the latest financial statements audited, certified, or reviewed by the CPAs are the 2025 statements.

2. Major clients in the two most recent years

Unit: NT$ thousand

	2025				2024				2026 up to the previous quarter			
Item	Name	Amount	Percentage of net amount of sold goods for the whole year (%)	Relation to the issuer	Name	Amount	Percentage of net amount of sold goods for the whole year (%)	Relation to the issuer	Name	Amount	Percentage of net amount of sold goods for the current year up to the previous quarter (%)	Relation to the issuer
1	Toyota Tsusho (Taiwan) Co., Ltd.	2,370,172	26	None	Toyota Tsusho (Taiwan) Co., Ltd.	2,771,018	29	None	－	－	－	－
	Others	6,655,132	74		Others	6,755,853	71		－	－	－	－
	Net Amount of sales	9,025,304	100		Net Amount of sales	9,526,871	100		－	－	－	－

1. Reason of changes: Clients adjusted their procurement plans to adapt to the changes of the supply-demand situation and prices.
2. The publication date of the Company’s annual report is March 31, 2026. Therefore, the latest financial statements audited, certified, or reviewed by the CPAs are the 2025 statements.

III. Number of employees employed for the preceding two fiscal years, and during the current fiscal year up to the date of publication of the annual report

Year		2024	2025	As of March 31, 2026
Employees	Clerk	617	635	632
	Technician	474	475	470
	Total	1,091	1,110	1,102
Average age		43	45	45
Average years in service		14	15	15
Distribution of academic background	PhD	0%	0%	0%
	Master	8%	9%	8%
	Bachelor	58%	59%	60%
	Senior high school	28%	27%	27%
	Junior high school or under	6%	5%	5%

IV. Disbursements for environmental protection

For 2025 and up to the publication date of the annual report, the Company has not been penalized due to environmental pollution and thus no losses were suffered.

V. Labor-Management Relations

(I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-capital agreements and measures for preserving employees' rights and interests.

1. Labor-Management Committee

   CYS upholds the principles of integrity and transparency in business. The notification procedure for major changes to operations is always followed in accordance with the Labor Standards Act and other regulations to ensure that employees receive proper notice. Employees can make suggestions to the company through regular meetings of the Employee Welfare Committee and Labor-Management Committee. Problems can also be reported through the grievance mechanism. 100% of all company employees are covered by Labor-Management Committee agreements. Labor and management each have 5 representatives at the Labor-Management Committee for engaging in a through exchange of opinions. The regular meeting is convened once every three months. The Topics related to labor rights and working conditions are discussed during the meeting and issues are always resolved through effective communication.

2. Retirement

   Chun Yuan Steel has a sound financial system. It has established the "Employees Retirement Regulations" in accordance with the Labor Standards Act and the Labor Pension Act to make stable pension contributions. Chun Yuan Steel has also commissioned an actuary to provide actuaries and provide regular reports on pensions, and is sufficient to protect the rights of employees in claiming the pension in the future. Under the Labor Standards Act and Labor Pension Act, all employees that joined the company before June 30, 2005 (inclusive) retain their seniority under the old pension scheme. Employees will only accrue seniority under the new pension scheme if they choose to switch over to the new system. The old system pension is appropriated to the old pension reserve account at the Bank of Taiwan according to the monthly salary of each employee with the old system pension years; Under the new pension scheme, each worker makes a contribution equal to 6% of their monthly salary range into the employee's personal pension account. In addition to the standard 6% contribution from the employer, employees can also volunteer to make a contribution of between 0 ~ 6% to their personal pension account.

3. Welfare System

CYS knows that the sustainable development of the company not only requires financial growth but also more importantly, the selection and retention of employees. We have established a comprehensive welfare and cultivation system to protect the rights and benefits of all CYS employees so that they can grow with the company.

<table>
<tr><td>Insurance:
Labor Insurance, National Health Insurance, Labor Pension, Employee and dependents group insurance (includes life insurance, accident insurance, medical insurance, cancer insurance), and Travel insurance is also provided for personnel on business trips/field assignments.</td><td>Economical:
Wedding subsidy, child subsidy, educational subsidy, bereavement subsidy, Birthday cash gift, labor cash gift, Dragon boat and Mid-Autumn Festival cash gift, Lunar New Year cash gift, Hospitalization condolence payment, emergency assistance</td></tr>
<tr><td>Services:
System (employee uniform, meal allowance, etc.), request/leave system (special leave/annual leave, paternity exam leave, family care leave, menstruation leave for female employees, parental leave for employees), employee health check</td><td>Development:
Comprehensive education and training (new recruit training, grade-specific training, competency training), clear career progression paths</td></tr>
<tr><td colspan="2">Bonuses:
Employee compensation, Mid-Autumn Festival bonus, annual bonus.</td></tr>
<tr><td colspan="2">Facilities:
Employee cafeteria, dormitories (Longtan, Xizhi), and recreation rooms are provided to look after employees’ health, safety, and spiritual development.</td></tr>
<tr><td colspan="2">Leisure:
A variety of entertainment and leisure activities are offered to promote the physical and mental well-being of employees as well as work-life balance.
(1) Clubs, arts and cultural activities; (3) Family trips for employees
(2) Ball games; (4) Domestic and foreign travel subsidies</td></tr>
</table>

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor-capital disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.

VI. Cybersecurity Management

(I) The cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management:

1. The Company has established an cyber security risk management framework that includes the creation of a dedicated cyber security unit, the appointment of a chief cyber security officer, and specialized cyber security personnel, and regularly report on security matters to the board of directors. Additionally, the Company have completed the filing of cyber security personnel with the Taiwan Stock Exchange's reporting system for listed companies.
2. The Company has established a corporate cyber security policy, which contains relevant cyber security management regulations, and has been disclosed on the official website (https://www.cysco.com.tw → investor section → corporate governance→cyber security policy). The "Security Commitment Statement" are signed by all employees to ensure that all employees are fully aware of the Company's cyber security policies and regulations.
3. In addition to management, the Company's investment in cybersecurity in 2025 amounted to NT$8.84 million, and a dedicated cybersecurity officer and one personnel were established, who hold a regular meeting on a monthly basis; in addition, the Company The Company has also become a member of the Taiwan CERT/CSIRT Alliance of TWCERT/CC (Taiwan Crisis Management and Coordination Center), and continues to receive and share relevant cybersecurity intelligence to strengthen the Company's cybersecurity.

(II) Losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken

During 2025 and up to the date of publication of the annual report, the Company has not had any major cybersecurity incident; provided that to reduce the probability of occurrence of information security incidents, the Company will continue to reinforce the information security framework, to ensure the security of the information and communication systems.

VII. Important contracts:

Date: March 31, 2026

Nature of contract	Counterparty	Commencement date and expiration date	Main Content	Restrictive terms
Joint venture agreement	Toyota Auto Body Co., Ltd.	Entered on May 7, 1997	Name of Company: Chun Shyang Shin Yeh Industry Co., Ltd. Major business: Engaging in the manufacture, sale, lease and repair of automotive sheet metal parts, stamping parts, molds, jigs and inspection measuring tools. Location of Establishment: Taoyuan County, Taiwan Province (at that time). The capital is NT$One Hundred Forty Million, and the Company owns 48.97%. There are five seats of directors and the Company occupies two.	None

I. Financial position

(I) Comparative analysis of financial position

Unit: NT$ thousand

Item \ Year	2025	2024	Difference	
			Amount	%
Current assets	15,483,042	14,537,945	945,097	6.50
Property, plant and equipment	6,201,981	5,976,673	225,308	3.77
Intangible assets	3,726	3,718	8	0.22
Other assets	2,535,455	1,827,159	708,296	38.76
Total assets	24,224,204	22,345,495	1,878,709	8.41
Current liabilities	8,773,415	8,107,959	665,456	8.21
Non-current liabilities	2,151,660	1,589,599	562,061	35.36
Total liabilities	10,925,075	9,697,558	1,227,517	12.66
Share capital	6,476,554	6,476,554	0	0.00
Additional paid-in capital	177,964	177,964	0	0.00
Retained earnings	6,477,085	5,760,474	716,611	12.44
Other equities	(219,454)	(150,875)	(68,579)	(45.45)
Non-controlling interests	386,980	383,820	3,160	0.82
Total Equity	13,299,129	12,647,937	651,192	5.15

(II) Analysis and explanation of increase/decrease:

1. Other assets: The increase in advance payments for equipment compared to the previous year resulted in an increase in other assets.
2. Non-current liabilities: The increase in long-term borrowings compared to the previous year resulted in an increase in non-current liabilities.
3. Other equity: The decrease in other equity was due to unrealized losses arising from equity instruments measured at fair value through other comprehensive income.

II. Financial performance

(I) Comparative analysis of financial performance

Unit: NT$ thousand

Item / Year	2025	2024	Amount increased (decreased)	% of changes
Net operating revenue	24,189,382	24,014,291	175,091	0.73
Operating cost	21,530,917	21,945,625	(414,708)	(1.89)
Operating gross income	2,658,465	2,068,666	589,799	28.51
Operating expenses	925,871	866,456	59,415	6.86
Profit from operations	1,732,594	1,202,210	530,384	44.12
Non-operating income and expense	132,804	185,080	(52,276)	(28.25)
Profit before tax	1,865,398	1,387,290	478,108	34.46
Income tax expense	344,561	301,482	43,079	14.29
Current period net profit	1,520,837	1,085,808	435,029	40.07
Other comprehensive income recognized for the period	4,689	134,515	(129,826)	(96.51)
Total comprehensive income in the current period	1,525,526	1,220,323	305,203	25.01

(II) Analysis and explanation of increase/decrease:

1. Gross profit increased compared to 2024, primarily due to an increase in selling prices and a decrease in unit costs.
2. In summary, operating income, profit before tax, and net income for the current period increased compared to 2024.
3. Non-operating income and expenses decreased compared to 2024, primarily due to a decrease in other income and an increase in finance costs.
4. Other comprehensive income for the current period decreased compared to 2024, primarily due to a decrease in unrealized gains and losses on investments in equity instruments measured at fair value through other comprehensive income.
5. In summary, the increase in operating income resulted in an increase in total comprehensive income for the current period compared to 2024.

III. Cash flow

(I) Analysis and explanation of the changes to cash flows in the most recent year:

Unit: NT$ thousand

<table>
<tr><th rowspan="2">Cash balance at the beginning of 2025</th><th rowspan="2">Net cash flow from operating activities for the whole year</th><th rowspan="2">Net cash inflow for the whole year (Note)</th><th rowspan="2">Amount of remaining (shortage of) cash</th><th colspan="2">Remedies for cash insufficiencies</th></tr>
<tr><th>Investment plan</th><th>Treasury plan</th></tr>
<tr><td>528,727</td><td>1,992,929</td><td>80,442</td><td>609,169</td><td>—</td><td>—</td></tr>
</table>

Note: Including the effects of exchange rate changes on the balance of cash held in foreign currencies

1. Net cash inflow from operating activities was NT$1,992,929 thousand: Mainly due to the decrease in inventories and an increase in contract liabilities.
2. Net cash outflow from the investing activities was NT$1,293,415 thousand: Mainly because of the acquisition of property plant and equipment.
3. Net cash outflow expected from financing activates is NT$642,888 thousand: Mainly due to the distribution of cash dividends.

(II) Improvement plan for insufficient liquidity: N/A.

(III) Cash flow analysis for the next year

Unit: NT$ thousand

<table>
<tr><th rowspan="2">Cash balance at the beginning of 2026</th><th rowspan="2">Net cash flow from operating activities for the whole year</th><th rowspan="2">Net cash inflow for the whole year</th><th rowspan="2">Amount of remaining (shortage of) cash</th><th colspan="2">Remedies for cash insufficiencies</th></tr>
<tr><th>Investment plan</th><th>Treasury plan</th></tr>
<tr><td>609,169</td><td>1,200,000</td><td>(500,000)</td><td>109,169</td><td>—</td><td>—</td></tr>
</table>

1. Analysis of cash flow:

(1) The estimated net cash inflow from operating activities of NT$1,200,000 thousand: Mainly due to the evaluation of future operating changes and inventory adjustments.

(2) Net cash outflow expected from investing activities is NT$400,000 thousand: Mainly due to funds for construction of the Sanchong office building, and expenditures of production equipment procurement.

(3) Net cash outflow expected from financing activates is NT$1,300,000 thousand: Mainly due to the distribution of cash dividends.

IV. The effect upon financial operations of any major capital expenditures during the most recent fiscal year

(I) Allocation of major capital expenditures and sources of funds

Unit: NT$ thousand

Project	Actual or expected sources of funds	Actual or expected completion date	Total amount required	Actual or expected fund allocation				
				2026	2027	2028	2029	2030
Replacement or addition of equipment that maintains current operations	Self-owned funds	Completed during each year	1,553,400	286,000	286,000	316,600	316,600	348,200

(II) Expected potential effects

1. Production and sales volume, value, and gross profit expected to grow

Unit: NT$ thousand

Year	Item	Production (ton)	Sales volume (ton)	Sales value	Gross profit
2026	Replacement or addition of equipment that maintains current operations	6,794	5,966	286,000	17,160
2027	Replacement or addition of equipment that maintains current operations	6,794	5,966	286,000	17,160
2028	Replacement or addition of equipment that maintains current operations	7,520	6,603	316,600	18,996
2029	Replacement or addition of equipment that maintains current operations	7,520	6,603	316,600	18,996
2030	Replacement or addition of equipment that maintains current operations	8,269	7,262	348,200	20,892

2. Description of other effects (e.g., product quality, pollution prevention, cost reduction): None.

V. Reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year:

The reinvestment policy is mainly centered on a vision of “professional provider of metal material solutions,” seeking to improve investment profit to increase the shareholders’ equity.

Reviewing 2025, U.S. tariff policies were introduced in April, prompting major countries to begin diversifying their reliance on the U.S. market. Coupled with escalating geopolitical conflicts, these developments have continued to pose significant threats to the fragile recovery of the global economy. Focusing on China, AI has driven intelligent transformation and become a new engine of economic growth; however, the country has yet to shake off the overhang of the real estate bubble and local government debt. Affected by China-U.S. trade tensions, the government has introduced multiple stimulus measures to restore weak market confidence. Quarterly GDP growth rates were 5.4%, 5.2%, 4.8%, and 4.5%, respectively, with full-year GDP growth maintained at 5.0%, meeting the official target. The operating performance of various investees indicates that, although tariff impacts prompted customers to build precautionary inventories, the overall imbalance in steel market supply and demand remained unfavorable to market operations. Nevertheless, effective risk management enabled the achievement of reasonable profits.

Looking ahead to 2026, geopolitical risks continue to intensify, with conflicts in Russia-Ukraine, Gaza, and among the United States, Israel, and Iran all affecting global energy security. In addition, the Trump administration continues to impose tariffs under various pretexts, resulting in heightened global uncertainty. China’s official economic growth target is set at "4.5%–5.0%", while the IMF estimates growth at 4.5%, mainly driven by ongoing economic stimulus policies, easing China-U.S. trade tensions, and the expansion of exports supported by AI-driven "new quality productive forces." However, the real estate bubble has weakened domestic consumer confidence, and intensified price competition in industries, along with trade frictions arising from accusations of subsidy policies by various countries, pose significant challenges to China’s economic growth. In response to a challenging operating environment, the Company will adopt a prudent and cautious approach to mitigate the impact of political and economic uncertainties, continue to monitor market trends and opportunities, provide necessary support, and ensure that its investee companies maintain profitability.

VI. Risk analysis and assessment

(I) The effect upon the Company’s profits and losses of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

1. Interest rate risks:

Net interest expense in 2024 amounted to NT$100,915 thousand, accounting for 0.42% of net revenue and 8.39% of operating income; in 2025, net interest expense amounted to NT$110,653 thousand, accounting for 0.46% of net revenue and 6.39% of operating income. The increase in interest expense in 2025 compared to the previous year was primarily due to an increase in borrowing amounts.

In 2025, the Central Bank of Taiwan maintained its policy interest rates unchanged, primarily based on a comprehensive assessment of domestic and international economic and financial conditions. Considering a moderate inflation outlook for 2026 and expectations of stable domestic economic growth in 2026, the Board of Directors of the Central Bank unanimously agreed to keep policy rates unchanged, which will help support the overall stability of the economy and financial system. Looking ahead to 2026, global economic growth continues to face numerous challenges, including global inflation, new tariff policies under U.S. President Trump, geopolitical risks, and rising oil prices resulting from conflicts in the Middle East, all of which are key variables affecting the global economy this year. However, advance inventory buildup and investment and export momentum driven by the AI boom remain the primary drivers of growth. Economic growth in 2026 is still expected to exceed expectations, although the actual outcome will depend on subsequent data. Interest rate adjustments will also be assessed based on international interest rate trends and inflation conditions.

Looking to the future, the Company anticipates a potential increase in financing needs due to rising working capital and capital expenditure requirements. This could lead to a higher interest burden. Nonetheless, the Company has long maintained strong relationships with its banking partners and continues to expand its short- and medium-term credit lines while securing favorable loan terms. As a result, the Company retains sufficient flexibility in managing interest rate risk and does not currently face any significant exposure in this regard. The Company will continue to uphold its principles of prudence and sound financial management. It will carefully evaluate the cost of funds, potential returns, and associated risks to choose the most advantageous financing sources and capital deployment strategies. At the same time, it will stay informed on market interest rate trends and implement timely countermeasures to mitigate any adverse impact of interest rate fluctuations on profitability, all with the aim of maximizing shareholder value.

2. Exchange rate risks:

   Net foreign exchange loss in 2024 amounted to NT$906 thousand, accounting for 0.004% of net revenue and 0.08% of operating income; in 2025, net foreign exchange loss amounted to NT$4,615 thousand, accounting for 0.019% of net revenue and 0.27% of operating income, primarily due to the appreciation of USD in 2025 affecting USD-denominated liabilities. Looking back on 2025, in order to stimulate domestic employment through accommodative policies, the U.S. Federal Reserve implemented three rate cuts during the year. Coupled with the impact of reciprocal tariff policies, irrational market expectations led to a sharp appreciation of NT$. The Central Bank of Taiwan took multiple measures to stabilize the exchange rate, allowing the New Taiwan dollar to gradually return to stability. In the second half of the year, despite repeated record highs in Taiwan's stock market, continued net selling of Taiwanese equities by foreign investors and capital outflows resulted in a continued depreciation trend of NT$. Looking ahead to 2026, NT$ against USD will be significantly influenced by the aftereffects of U.S. monetary policy and tariff policies. As the U.S.-Iran conflict intensifies and international oil prices surge, U.S. President Trump has once again pressured the Federal Reserve to immediately cut interest rates. However, investor views diverge from Trump's stance. Since the outbreak of conflict in the Middle East, U.S. Treasury traders have bet that rising oil prices will worsen inflation, and a higher inflation path would make it difficult for the Federal Reserve to begin cutting rates in the short term. It is expected that the Federal Reserve may delay the timing of rate cuts, and the possibility of further rate hikes cannot be ruled out. If the Federal Reserve chooses to raise interest rates, it would support a stronger USD and, in turn, lead to depreciation of the NT$. The Company adopts a natural hedging strategy in the management of foreign exchange positions, to avoid the risk of exchange rate fluctuations for assets and liabilities resulting from the volatile exchange rate. In the future, the Company will still keep on tracking exchange rate trends, and by referring to relevant financial information, foreign exchange reports and international economic conditions, appropriate measures to avoid the risk of exchange rate fluctuations will be formulated.

3. Inflation risks:

   According to statistics from the Directorate-General of Budget, Accounting and Statistics (DGBAS), the average CPI for the full year of 2025 declined to 1.66%. Looking ahead to 2026, as Taiwan-U.S. tariff negotiations become clearer, domestic market instability is expected to ease. Overall inflation is assessed to remain moderate and manageable, with the Directorate-General of Budget, Accounting and Statistics (DGBAS) forecasting a CPI increase of 1.68% for 2026.

   In the future, the Company will continue to monitor international raw material trends, changes in upstream steel mill wholesale prices, and downstream industry shipments, in order to rapidly respond to cost changes, while effectively managing the production and sales portfolio and inventory status.

(II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

1. The Company focuses on its major business, and in the most recent year no high-risk investments or highly leveraged investments were made.
2. The counterparties disclosed in the consolidated financial statements for loaning of funds are those in need of short-term financing. The counterparties of loaning of funds are limited to the Company and its investees, and handled pursuant to each company's "Operation Procedures for Loaning of Funds to Others."
3. The counterparties disclosed in the consolidated financial statements for endorsement/guarantee are those in need of endorsement/guarantee due to business relationships or construction contracted, or the investees in need for business. Endorsement/guarantee is handled pursuant to each company's "Operation Procedures for Endorsement/Guarantee."
4. The Company conducts derivative transactions for avoiding the market risk resulting from exchange rate fluctuations of those net positions of assets/liabilities denominated in foreign currencies, rather than arbitrage or speculation. Such transactions are handled in accordance with the Company's "Procedures for Engagement in Derivative Product Transactions."

(III) Research and development projects to be carried out in the future and expenditures expected for research and development:

To meet the development needs of various business units, the Company has invested in technology R&D, including research and development of automated steel structure welding for the Construction Division and the introduction of technological cooperation for automated high-bay warehouse systems for the Warehousing Business Division. Other efforts include the development and research of emerging market products and related materials such as electric vehicles, electric buses, server racks, and new green environmentally friendly steel materials. In terms of process improvement and capacity enhancement, projects have been implemented including the upgrading and modification of steel coil (plate) cutting equipment, digitalization of production and big data reapplication through equipment networking, refinement and improvement of precision slitting and stamping equipment, and expansion of tower crane equipment in the Construction Division.

Key factors affecting the success of future R&D are the training and cultivation of talent and the budget input. R&D budget expected to be invested in 2026 is NT$31.30 million.

(IV) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response: None.

(V) Impact of technology (including cyber security risks) and industry evolution on the Company's finance and business, and measures to be taken in response:

In response to the frequent occurrence of information attack incidents in traditional industries, the Company not only continues to strengthen the security protection of the corporate information communication environment, but also regularly reviews important equipment and data to ensure its "high availability", thereby reducing the impact of information security incidents on the Company's operations.
(Please refer to Page 73 - Cybersecurity Management)

(VI) Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response: None.

(VII) Expected benefits and possible risks associated with any mergers and acquisitions, and mitigation measures being or to be taken: None.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:

By expanding plants, capabilities for accepting orders and processing will increase, and thus profit improves.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

Other than Toyota Tsusho (Taiwan) Co., Ltd., the Company's top ten clients occupy less than 10% of the revenue for the whole year. However, Toyota Tsusho is a consolidated purchasing client, so many stamping suppliers are engaged to diversify materials, and thus there is no risk associated with any consolidation of sales. For the purchase of goods, the Company will continue to grasp the trends in the steel industry and purchase goods in an adequate and diversified manner.

(X) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding a stake greater than 10 percent in the Company is transferred or otherwise changes hands, and mitigation measures being or to be taken:

There were no significant transfers or changes in the equity of directors, supervisors, or major shareholders with more than 10% ownership interest in 2025.

(XI) Effect upon and risk to the Company associated with any change in controlling power, and mitigation measures being or to be taken: None.

There had no change in controlling power in 2025.

(XII) List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the president, any person with actual responsibility , any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the Company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.

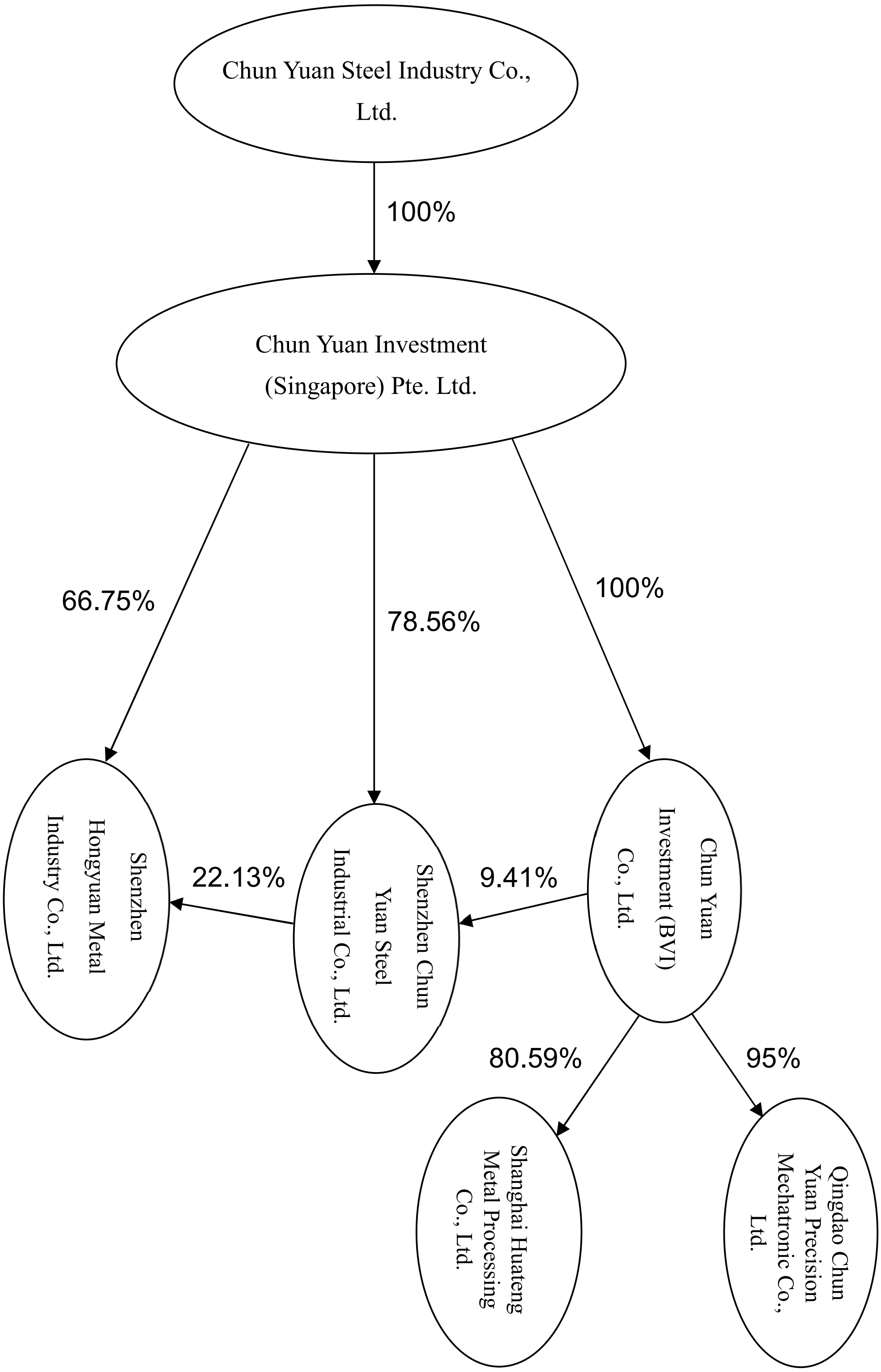
(XIII) Other important risks, and mitigation measures being or to be taken: None.

VII. Other important matters: None.

I. Information related to the affiliates

(I) Consolidated Business Report of Affiliates

1. Organization chart of affiliates (as of December 31, 2025)



2. Basic Information of Each Affiliate

December 31, 2025
Unit: NTD

Name of Enterprise	Date of Foundation	Address	Paid-in capital	Major business or production
Chun Yuan Investment (Singapore) Pte. Ltd.	1993.01	6 Shenton Way #38-01OUE DowntownSingapore 068809	SGD 48,423,650	General investment.
Shenzhen Chun Yuan Steel Industrial Co., Ltd.	1994.03	No.12, Tongqing Road, Baolong Sub-District, Longgang District, Shenzhen	USD 21,245,000	Production of galvanized sheets, coated sheets, aluminum sheets, and other metal sheets.
Shanghai Huateng Metal Processing Co., Ltd.	1994.12	No. 1131, Yecheng Road, Jiading District, Shanghai	USD 24,800,000	Production and processing cold rolled electrical steel sheets, various metal materials, rotors, and stators
Chun Yuan Investment (BVI) Co., Ltd.	1999.12	Intershore Chambers, P.O. Box 4342, Road Town, Tortola, British Virgin Islands	USD 21,900,000	General investment.
Shenzhen Hongyuan Metal Industry Co., Ltd.	2002.07	No.12, Tongqing Road, Baolong Sub-District, Longgang District, Shenzhen	USD 4,680,000	Production of transformer parts, rotors, stators and other metal products made from the stamping of electrical steel coils.
Qingdao Chun Yuan Precision Mechatronic Co., Ltd.	2005.05	No. 199, Qianshan South Road, Qingdao Economic & Technical Development Zone	USD 18,000,000	New types of mechatronic components, fine blanking die and other related metal products.

3. Common shareholders for the companies with presumed relationship of control and subordination: None.

4. The industries covered by the business operated by the all affiliates

(1) The major business of Chun Yuan Investment (Singapore) Pte. Ltd. is described as follows:

General investment.

(2) The major businesses of Shenzhen Chun Yuan Steel Industrial Co., Ltd. are as follows:

Production of galvanized sheets, coated sheets, aluminum sheets, and other metal sheets (hot/cold rolled steel sheets and lead/tin-plated sheets).

(3) The major businesses of Chun Yuan Investment (BVI) Co., Ltd. are as follows:

General investment.

(4) The major businesses of Shanghai Huateng Metal Processing Co., Ltd. are as follows:

Production and processing of cold rolled electrical steel sheets, various metal materials, parts and accessories, punched products, and technical development of related products.

(5) The major businesses of Shenzhen Hong Yuan Metal Industry Co., Ltd. are as follows:

Production of transformer parts, rotors, stators and other metal products made from the stamping of electrical steel coils.

(6) The major businesses of Qingdao Chun Yuan Precision Mechatronic Co., Ltd. are as follows:

New types of mechatronic components, fine blanking die and other related metal products.

5. Information of directors, supervisors, and president of each affiliate

(Base date: December 31, 2025; some foreign companies are shown in the invested amounts) Unit: shares, %

Name of Enterprise	Title	Name or Representative	Shareholding	
			Shares	Shareholding Ratio
Chun Yuan Investment (Singapore) Pte. Ltd.	Director	Tsai Hsi-Yu (representative of Chun Yuan Steel Industry Co., Ltd)	48,423,650	100%
	Director	Lee, Wen-Lung (representative of Chun Yuan Steel Industry Co., Ltd)		
	Director	Yeo Chee Huan	0	0%
Chun Yuan Investment (BVI) Co., Ltd.	Director	Tsai Hsi-Yu (representative of Chun Yuan Investment (Singapore) Pte. Ltd.)	21,900,000	100%
Shenzhen Chun Yuan Steel Industrial Co., Ltd.	Chairman concurrently served as President	Wu Mon-Feng (representative of Chun Yuan Investment (Singapore) Pte. Ltd.)	USD 16,690,000	78.56%
	Director	Lee, Wen-Lung (representative of Chun Yuan Investment (Singapore) Pte. Ltd.)		
	Director	Cheng Chieh-Wen (representative of Chun Yuan Investment (Singapore) Pte. Ltd.)		
	Director	Tsai Cheng-Ting (representative of Chun Yuan Investment (Singapore) Pte. Ltd.)		
	Director	Wang Hsiang-Yong (representative of Chun Yuan Investment (Singapore) Pte. Ltd.)		
	Director	Poon, Kenneth Ka Chai (representative of HAK Holdings Limited)	USD 2,555,000	12.03%
	Director	Ao Kuo-Yi (representative of Chun Yuan Investment (BVI) Co., Ltd.)	USD 2,000,000	9.41%
	Supervisor	Lin, Yi-Chun (representative of Chun Yuan Investment (Singapore) Pte. Ltd.)	USD 16,690,000	78.56%
Shenzhen Hongyuan Metal Industry Co., Ltd.	Chairman concurrently served as President	Wu Mon-Feng (representative of Shenzhen Chun Yuan Steel Industrial Co., Ltd)	USD 1,035,500	22.13%
	Director	Ao Kuo-Yi (representative of Chun Yuan Investment (BVI) Co., Ltd.)		
	Director	Lee, Wen-Lung (representative of Chun Yuan Investment (Singapore) Pte. Ltd.)	USD 3,123,800	66.75%
	Director	Tsai Cheng-Ting (representative of Chun Yuan Investment (Singapore) Pte. Ltd.)		
	Director	Cheng Chieh-Wen (representative of Chun Yuan Investment (Singapore) Pte. Ltd.)		
	Director	Liu Yu-Chun (representative of Chun Yuan Investment (Singapore) Pte. Ltd.)		
	Director	Poon, Kenneth Ka Chai (representative of HAK Holdings Limited)	USD 520,700	11.12%
	Supervisor	Lin, Yi-Chun (representative of Chun Yuan Investment (Singapore) Pte. Ltd.) (representative of Shenzhen Chun Yuan Steel Industrial Co., Ltd)	USD 4,159,300	88.88%

Name of Enterprise	Title	Name or Representative	Shareholding		
			Shares		Shareholding Ratio
Shanghai Huateng Metal Processing Co., Ltd.	Chairman	Wu, Mon-Feng (representative of Chun Yuan Investment (BVI) Co., Ltd.)	USD	19,986,725	80.59%
	Director	Lee, Wen-Lung (representative of Chun Yuan Investment (BVI) Co., Ltd.)			
	Director	Tsai, Hsi-Chi (representative of Chun Yuan Investment (BVI) Co., Ltd)			
	Director	Tsai, Chong-Han (representative of Chun Yuan Investment (BVI) Co., Ltd.)			
	Director concurrently served as President	Kao, Chih-Hung (representative of Chun Yuan Investment (BVI) Co., Ltd.)			
	Director	Ao, Kuo-Yi (representative of Chun Yuan Investment (BVI) Co., Ltd.)			
	Director	Cheng, Yao-Ren (representative of Chun Yuan Investment (BVI) Co., Ltd)			
	Director	Eiichi Tanaka (representative of Marubeni-Itochu Steel Inc.)	USD	4,813,275	19.41%
	Director	Shinpei Etani (representative of Marubeni-Itochu Steel Inc.)			
	Supervisor	Lin, Yi-Chun (representative of Chun Yuan Investment (BVI) Co., Ltd)	USD	19,986,725	80.59%
Qingdao Chun Yuan Precision Mechatronic Co., Ltd.	Chairman	Wu, Mon-Feng (representative of Chun Yuan Investment (BVI) Co., Ltd.)	USD	17,100,000	95%
	Director	Tsai, Hsi-Chi (representative of Chun Yuan Investment (BVI) Co., Ltd)			
	Director	Lee, Wen-Lung (representative of Chun Yuan Investment (BVI) Co., Ltd.)			
	Director	Tsai, Chong-Han (representative of Chun Yuan Investment (BVI) Co., Ltd.)			
	Director	Cheng, Yao-Ren (representative of Chun Yuan Investment (BVI) Co., Ltd)			
	Director concurrently served as President	Chang, Tsu-Yun (representative of Chun Yuan Investment (BVI) Co., Ltd.)			
	Director	Shinpei Etani (representative of Marubeni-Itochu Steel Inc.)	USD	900,000	5%
	Supervisor	Lin, Yi-Chun (representative of Chun Yuan Investment (BVI) Co., Ltd)	USD	17,100,000	95%

6. Operation overview of each affiliate

Date of data: December 31, 2025; Unit: NT$ thousand

Name of Enterprise	Paid-in capital	Total assets	Total liabilities	Net worth	Operating income	Operating Income	Current profit and loss (after tax)	Earnings per share (after tax)
Chun Yuan Investment (Singapore) Pte. Ltd.	967,317	2,508,443	293	2,508,150	0	(696)	97,590	NA
Shenzhen Chun Yuan Steel Industrial Co., Ltd.	651,398	860,211	64,159	796,052	488,443	(13,145)	8,288	NA
Chun Yuan Investment (BVI) Co., Ltd.	693,135	1,720,252	0	1,720,252	0	(324)	79,685	NA
Shanghai Huateng Metal Processing Co., Ltd.	799,583	1,282,392	110,529	1,171,863	1,845,307	75,051	53,844	NA
Shenzhen Hongyuan Metal Industry Co., Ltd.	153,036	420,259	188,559	231,700	685,622	30,166	18,939	NA
Qingdao Chun Yuan Precision Mechatronic Co., Ltd.	592,009	832,412	95,813	736,599	1,217,029	59,425	45,089	NA

Note 1: Exchange rate

	Exchange rate for the balance sheet	Exchange rate for the statement of income
USD:NT$	31.38	31.15
RMB:USD	7.0201	7.1940

II. Private placement of securities during the most recent fiscal year and up to the date of publication of the annual report: None

III. Other matters that require additional description: None

IV. Any of the situations listed in article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which may materially affect shareholders' equity or securities prices, has occurred during the most recent fiscal year and up to the date of publication of the annual report: None.

Chun Yuan Steel Industry Co., Ltd.

Chairman TSAI, HSI-YU

Headquarter
7F., No. 502, Fuxing N. Rd., Jhongshan District, Taipei City 10476, Taiwan, R.O.C
Tel.: 886-2-25018111 Fax: 886-2-25055390
https://www.cysco.com.tw