

Stock Code: 1723



China Steel Chemical Corporation
2024 Annual Shareholders' Meeting

Handbook

Meeting Type: In-person Shareholders' Meeting

Time: 12 June, 2024 (Wednesday)
9 a.m.

Venue: 3F, No. 5, Zhongshan 2nd Rd.,
Qianzhen Dist., Kaohsiung City
Kaohsiung Business Convention Center

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A. Meeting Procedure

China Steel Chemical Corporation

2024 Annual Shareholders' Meeting Procedures

- I. Call the Meeting to Order
- II. Chairperson's Remarks
- III. Reporting Items
- IV. Ratification Items
- V. Extempore Motions
- VI. Adjournment

B. Meeting Agenda

Meeting Agenda for the 2024 Annual Shareholders' Meeting of China Steel Chemical Corporation

- I. Time: 12 June, 2024 (Wednesday) 9 a.m.
- II. Venue: Kaohsiung Business Convention Center (3F., No. 5, Zhongshan 2nd Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan (R.O.C.))
- III. Chairperson's Remarks
- IV. Reporting Items
 - (I) 2023 Business and Financial Reports.
 - (II) The Audit Committee's Review Report on the 2023 Financial Statements.
 - (III) Report on the 2023 Remuneration Allocation of Employees and Directors.
- V. Ratification Items
 - (I) Ratification of 2023 Business Report and Financial Statements.
 - (II) 2023 Surplus Distribution.
- VI. Extempore Motions
- VII. Adjournment

I. Reporting Items

- I. CSCC 2023 Business and Financial Reports
(Please refer to pages 7-31 of this Handbook)

- II. The Audit Committee's Review Report on the CSCC's 2023 Financial Statements
(Please refer to page 12 of this Handbook)

- III. Report on the CSCC's 2023 Remuneration Allocation for Employees and Directors
 1. According to the requirements under Article 26 of the Articles of Association of CSCC: "Where the Company recorded any profit for the year, the Board shall resolve to appropriate no less than 1% as the remuneration to employees and no more than 1% as that to directors; the distribution targets for the remuneration of employees include employees of subsidiaries fulfilling certain conditions. However, if CSCC has accumulated losses, this reserve shall be retained in advance before allocating the employee remuneration and Directors remuneration."
 2. In 2023, earnings before taxes and before deducting remuneration for employees and directors were NT\$1,803,266,008. The CSCC proposed to provide NT\$64,679,798 (approximately 3.5868%) as remuneration for employees and NT\$12,935,960 (approximately 0.7174%) as remuneration for directors.
 3. These amounts for employee and director remuneration were discussed and approved at the 12th meeting of the 12th Board of Directors on 26 February 2024.

II. Ratification Items

Proposal 1

Proposed by the Board of Directors

Explanation: Proposal for the 2023 Business Report and Financial Statements. Submitted for ratification.

Description: Please see attachments for more details on the CSCC's 2023 Business Report, 2024 Business Plan, and 2023 Consolidated Financial Statements and Individual Financial Statements (please refer to pages 7 to 31 of this Handbook).

Resolution:



China Steel Chemical Corporation

Business Report

A. 2023 Business Report

I. Business Overview

In 2023, the CSCC's consolidated operating revenue was NT\$8.318 billion, and net profit before tax was NT\$1.733 billion, a decrease of 20% and 17% respectively compared to 2022. Compared to 2022, oil prices fell by almost 20%, resulting in the prices of major coal chemical products declining and a decrease in revenue. Although sales of carbon material products were lower than the previous year's, total product sales revenues increased by 6% compared to the previous year due to the sales volume and unit prices for graphitized anode materials, our main carbon material product, increasing compared to the previous year. The global economy in 2023 suffered from sluggish end market demand and adjustments to warehouse inventory in the industry, resulting in weak economic growth. Although domestic private consumption was relatively stable, weak product exports and low corporate investment willingness resulted in Taiwan's economic growth failing to meet expectations, and the Academia Sinica revised Taiwan's economic growth rate for 2023 downwards to 1.34%. Additionally, in response to climate change causing greater impact from extreme weather events and goals to achieve net zero carbon emissions by 2050 being adopted globally, demand in the electric vehicles and energy storage industry has continued to increase. The CSCC shall continue to push for expanded use and development of carbon products for these industries, aiming to become a key materials supplier for lithium battery anodes. The CSCC is also committed to energy conservation and carbon reduction efforts, and to achieving our short, medium, and long-term ESG goals.

Significant business results achieved by the CSCC in 2023 are as follows:

- The CSCC's operating revenue and profits have met 99% and 92% respectively of internal budget targets.
- Transported all by-products such as light oil and coal tar generated from the coking of the CSC Group on time, imported light oil to increase our availability rate, and sold all manufactured products at market rates.
- Completed two industrial innovation projects from the Industrial Development Administration - the development of anode materials for electric bus batteries, and the development of high-purity carbon powder and isotropic graphite for use in compound semiconductors.

- Continued second-phase expansion to graphitization plant, and optimized operation of the halogen purification furnace.

II. Business Plan Implementation Results

(I) In 2023, the amount of coal tar and light oil processed totaled 225,259 tons and 91,091 tons respectively. The annual sales volumes of coal tar and light oil products totaled 215,727 tons and 84,454 tons respectively; Annual sales of green mesophase powder and mesophase graphite powder totaled 2,740 tons.

(II) Execution of Business Plan Implementation

Unit: Tonnes

Item		Actual Amount	Budgeted Amount	Deviation	Fulfillment Rate (%)
Coal tar products	Production Volume	224,927	246,689	(21,762)	91
	Sales Volume	215,727	225,153	(9,426)	96
Light oil products	Production Volume	85,071	90,291	(5,220)	94
	Sales Volume	84,454	89,433	(4,979)	94
Refined carbon materials	Production Volume*	10,632	15,664	(5,032)	68
	Sales Volume	7,690	14,316	(6,626)	54
Coke products	Sales Volume	54,187	51,600	2,587	105
Trading item	Sales Volume	28,510	44,400	(15,890)	64
Processing item	Processing Volume	207,567	234,000	(26,433)	89

Note*: Includes volume claimed for other products.

Relevant consolidated and individual financial information is as follows:

Consolidated Statements of Comprehensive Income

Unit: NTD thousand

Item	2023	2022	Increase (decrease) Amount	Increase (decrease) Rate (%)
Operating revenue	8,317,678	10,459,797	(2,142,119)	(20%)
Operating costs	6,221,768	8,093,961	(1,872,193)	(23%)
Operating gross profit	2,095,910	2,365,836	(269,926)	(11%)
Operating expenses	576,493	579,468	(2,975)	(1%)
Net operating profit	1,519,417	1,786,368	(266,951)	(15%)
Total non-operating income and expenses	214,033	291,735	(77,702)	(27%)
Net profit before tax	1,733,450	2,078,103	(344,653)	(17%)
Net profit for the year	1,436,277	1,702,879	(266,602)	(16%)
Other comprehensive income (loss) for the year (after tax)	(49,648)	(63,759)	14,111	22%
Total comprehensive income for the year	1,386,629	1,639,120	(252,491)	(15%)
Net profit (loss) attributable to				
Owners of the Corporation	1,435,809	1,702,810	(267,001)	(16%)
Non-controlling interests	468	69	399	578%
Total comprehensive income (loss) attributed to				
Owners of the Corporation	1,387,085	1,590,740	(203,655)	(13%)
Non-controlling interests	(456)	48,380	(48,836)	(101%)
Earnings per share				
Basic	6.18	7.33	(1.15)	(16%)

- (1) The decrease in revenues and gross profit for 2023 is due to the decrease in global crude oil prices, leading to lower sale prices for the main related products sold by CSCC and lower units shipped, comprehensively impacting revenues and gross profits.
- (2) The slight decrease in operating expenses for this period was mainly a result of decreased external sales and shipping expenses due to lower sales volume, despite significantly higher research and development costs due to the development costs for new carbon material products and material requisition costs for industrial innovation projects.
- (3) The decrease in non-operating income and expenses during the period was the result of lower investment gains calculated using the equity method.

- (4) Based on the above, net profit after tax for 2023 was NT\$ 1.436 billion, representing a decrease of NT\$266 million or 16% compared to last year's figure of NT\$1.702 billion during the same period.

Parent Company-only Statements of Comprehensive Income Unit: NTD thousand

Item	2023	2022	Increase (decrease) Amount	Increase (decrease) Rate (%)
Operating revenue	8,091,691	10,442,949	(2,351,258)	(23%)
Operating costs	6,085,721	8,119,389	(2,033,668)	(25%)
Operating gross profit	2,005,970	2,323,560	(317,590)	(14%)
Operating expenses	562,647	552,084	10,563	2%
Net operating profit	1,443,323	1,771,476	(328,153)	(19%)
Total non-operating income and expenses	282,327	302,909	(20,582)	(7%)
Net profit before tax	1,725,650	2,074,385	(348,735)	(17%)
Net profit for the year	1,435,809	1,702,810	(267,001)	(16%)
Other comprehensive income (loss) for the year (after tax)	(48,724)	(112,070)	63,346	57%
Total comprehensive income for the year	1,387,085	1,590,740	(203,655)	(13%)

III. Analysis of Income, Expenditure and Profitability

Please refer to the Financial Statements enclosed under Financial Overview for 2023.

IV. Research and Development

(I) Development of Anode Materials

High-efficiency anode material products possess both fast charging capabilities and high energy density. These products have been successfully introduced into the market.

(II) Development of Advanced Carbon Materials

We developed the HV series of high voltage advanced carbon material products, promoted the product to domestic and foreign customers of high-voltage super-capacitor products, and received positive feedback from these customers. At the moment, we are continuing to expand production of this product.

(III) Development Isotropic Graphite

We finished the development of graphite crucibles suitable for 6-inch and 8-inch SiC crystal growth, and are currently testing the product with representative domestic customers. We have also began expanding its

application to the various high-purity graphite materials used for semiconductors.

(IV) Development of graphite purification process

We have optimized halogen purification furnace production processes and equipment operations, and have continued to develop high-purity isotropic graphite ($\geq 5N5$) and high-purity graphite powder ($\geq 5N$) for use and verification by domestic and foreign customers.

B. Overview of 2024 Business Plan

I. Operating Policy

- (I) Create operating revenue, stabilize profits, reduce costs, and improve efficiency.
- (II) Develop refined products and strengthen quality control.
- (III) Implement measures for occupational safety management, and facilitate smooth labor-management relationships.
- (IV) Improve ESG management, achieve sustainable energy conservation and carbon reduction.

II. Production and Sales Policy

- (I) Transport all by-products such as coal tar, crude light oil, and coke produced by group companies on time. Smoothly process and produce different products satisfying demand of market and customers and make sales in full in due course at the market rate to create greater economic value.
- (II) Reinforce the expansion of downstream customers, increase the customer base, and continue to develop new suppliers to increase healthy competition and reduce procurement costs.
- (III) Develop a greater variety of carbon material products and more sales markets for these products. Incorporate customer demand to establish more production lines, increasing sales revenue and profit from carbon material products.
- (IV) Overcome the production capacity bottleneck in Taiwanese graphitization factory design, implement outsourcing of anode material production and verification to China in order to satisfy customer demand for carbon materials.
- (V) Reinforce our advantage of having the only graphitization plant in Taiwan, cooperate with customers, and increase our OEM business to advance our sales and OEM at once, and expand the value chain of our carbon material business.

Chairman: Wen-Jung Hsieh



Manager: Ming-Dar Fang



Chief Auditor: Li-Li Kuo



China Steel Chemical Corporation Audit Committee's Review Report

The Board of Directors has prepared and submitted the 2023 Business Report, Financial Statements, and Earnings Distribution Proposal. The financial statements, in particular, have been duly audited by CPAs Chao-Chun Wang and Hung-Ju Liao from Deloitte & Touche appointed by the Board of Directors, and they have issued an audit report. The said business report, financial statements, and the proposal of earning distribution have been reviewed by the Audit Committee and it considered that they are in compliance with the Company Act and relevant laws and regulations. Therefore, the Audit Committee's report is hereby prepared in accordance with Article 14-4 and Article 219 of the Company Act.

Submitted for your review.

Sincerely,

2024 China Steel Chemical Corporation Annual Shareholders' Meeting

China Steel Chemical Corporation

Convener of the Audit Committee: Hsing-Shu Hsieh



26 February, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
China Steel Chemical Corporation

Opinion

We have audited the accompanying consolidated financial statements of China Steel Chemical Corporation (the "Corporation") and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation and its subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter of the Corporation and its subsidiaries' consolidated financial statements for the year ended December 31, 2023 is stated as follows:

Appropriateness of export sales cutoff

The Corporation and its subsidiaries' export transaction procedures are complicated and need to be confirmed manually so that the control of the goods is transferred to the customer according to the trade terms of the sale and revenue is recognized at the time of the transfer of the control. The management is under pressure to

achieve the expected target and market expectations, which may lead to the manipulation of operating revenue. As a result, we considered the timing of revenue recognition of the operating revenue from export sales within a certain period before and after the financial reporting date as a key audit matter.

Our audit procedures for the above export sales included the following:

1. We obtained an understanding of and tested the operating effectiveness of the design and implementation of internal control of sales.
2. We performed cutoff procedures for export sales that took place within a certain period of the financial reporting date and verified the related documents to confirm the appropriateness of the revenue recognition.

Other Matters

We have also audited the standalone financial statements of China Steel Chemical Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion with emphasis of matter paragraph.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chao-Chun Wang and Hung-Ju Liao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2024

Notice to Readers

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

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

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

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

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,174,677	10	\$ 1,566,226	13
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	373,357	3	286,136	3
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	284,802	3	227,497	2
Notes receivable (Notes 4 and 10)	173,112	2	83,208	1
Accounts receivable, net (Notes 4 and 10)	582,501	5	467,942	4
Accounts receivable - related parties (Notes 4, 10 and 29)	98,898	1	96,502	1
Other receivables (Note 29)	12,790	-	33,870	-
Current tax assets (Note 24)	808	-	877	-
Inventories (Notes 4, 5 and 11)	1,127,402	10	1,020,996	9
Other current assets (Note 17)	164,010	1	62,169	1
Total current assets	3,992,357	35	3,845,423	34
NON-CURRENT ASSETS				
Financial assets at fair value through profit of loss - non-current (Notes 4 and 7)	81,543	1	84,982	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	128,480	1	81,592	1
Financial assets at amortized cost - non-current (Notes 4 and 9)	20,000	-	-	-
Investments accounted for using the equity method (Notes 4 and 13)	1,970,518	17	2,079,087	18
Property, plant and equipment (Notes 4, 14 and 29)	3,896,434	35	3,811,156	34
Right-of-use assets (Notes 4, 15 and 29)	615,351	5	618,930	6
Investment properties (Notes 4 and 16)	533,013	5	552,988	5
Deferred tax assets (Notes 4 and 24)	64,688	1	78,707	1
Prepaid equipment	50,770	-	16,969	-
Refundable deposits	4,521	-	4,491	-
Other non-current assets (Note 17)	26,783	-	34,013	-
Total non-current assets	7,392,101	65	7,362,915	66
TOTAL	\$ 11,384,458	100	\$ 11,208,338	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 447,341	4	\$ 551,581	5
Contract liabilities - current (Notes 4 and 22)	44,966	-	121,269	1
Accounts payable	41,085	-	33,568	-
Accounts payable - related parties (Note 29)	255,186	2	213,878	2
Other payables (Notes 19 and 29)	395,214	4	417,055	4
Current tax liabilities (Note 24)	289,112	3	385,328	4
Lease liabilities - current (Notes 4, 15 and 29)	34,126	-	28,836	-
Other current liabilities	9,043	-	7,168	-
Total current liabilities	1,516,073	13	1,758,683	16
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	950,000	9	680,000	6
Deferred tax liabilities (Notes 4 and 24)	1,643	-	-	-
Lease liabilities - non-current (Notes 4, 15 and 29)	587,166	5	590,377	5
Net defined benefit liabilities (Notes 4 and 20)	111,196	1	99,844	1
Guarantee deposit received	3,910	-	3,882	-
Total non-current liabilities	1,653,915	15	1,374,103	12
Total liabilities	3,169,988	28	3,132,786	28
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4 and 21)				
Ordinary shares capital	2,369,044	21	2,369,044	21
Capital surplus	928,925	8	902,804	8
Retained earnings				
Legal reserve	2,948,165	26	2,775,710	25
Special reserve	193,150	2	193,150	2
Unappropriated earnings	1,910,865	16	1,845,707	16
Total retained earnings	5,052,180	44	4,814,567	43
Other equity	(18,041)	-	25,737	-
Treasury shares	(117,638)	(1)	(117,638)	(1)
Total equity attributable to owners of the Corporation	8,214,470	72	7,994,514	71
NON-CONTROLLING INTERESTS (Note 21)				
Total equity	8,214,470	72	8,075,552	72
TOTAL	\$ 11,384,458	100	\$ 11,208,338	100

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

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 22 and 29)				
Sales	\$ 8,224,292	99	\$ 10,414,582	99
Other operating revenue	<u>93,386</u>	<u>1</u>	<u>45,215</u>	<u>1</u>
Total operating revenue	8,317,678	100	10,459,797	100
OPERATING COSTS (Notes 11, 20, 23 and 29)	<u>6,221,768</u>	<u>75</u>	<u>8,093,961</u>	<u>77</u>
GROSS PROFIT	<u>2,095,910</u>	<u>25</u>	<u>2,365,836</u>	<u>23</u>
OPERATING EXPENSES (Notes 20, 23 and 29)				
Selling and marketing expenses	146,636	2	189,876	2
General and administrative expenses	151,407	2	167,710	2
Research and development expenses	<u>278,450</u>	<u>3</u>	<u>221,882</u>	<u>2</u>
Total operating expenses	<u>576,493</u>	<u>7</u>	<u>579,468</u>	<u>6</u>
PROFIT FROM OPERATIONS	<u>1,519,417</u>	<u>18</u>	<u>1,786,368</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 29)				
Interest income	19,863	-	13,616	-
Other income	88,737	1	164,704	2
Other gains and losses	24,794	-	(29,978)	-
Share of the profit of associates	99,194	1	169,047	2
Interest expense	<u>(18,555)</u>	<u>-</u>	<u>(25,654)</u>	<u>-</u>
Total non-operating income and expenses	<u>214,033</u>	<u>2</u>	<u>291,735</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	1,733,450	20	2,078,103	21
INCOME TAX EXPENSES (Notes 4 and 24)	<u>297,173</u>	<u>3</u>	<u>375,224</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>1,436,277</u>	<u>17</u>	<u>1,702,879</u>	<u>17</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(15,393)	-	47,175	-
Unrealized gain/(loss) on financial assets at fair value through other comprehensive income	29,415	-	(38,772)	-

(Continued)

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Share of the other comprehensive loss of associates accounted for using the equity method	\$ (79,386)	-	\$ (164,122)	(2)
Income tax (expense) benefit related to items that will not be reclassified subsequently to profit or loss	3,079	-	(9,435)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	6,510	-	98,980	1
Unrealized gain on financial assets in debt instruments at fair value through other comprehensive income	2,464	-	5	-
Share of the other comprehensive income of associates accounted for using the equity method	<u>3,663</u>	<u>-</u>	<u>2,410</u>	<u>-</u>
Other comprehensive income/(loss) for the year, net of income tax	<u>(49,648)</u>	<u>-</u>	<u>(63,759)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,386,629</u>	<u>17</u>	<u>\$ 1,639,120</u>	<u>16</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,435,809	17	\$ 1,702,810	17
Non-controlling interests	<u>468</u>	<u>-</u>	<u>69</u>	<u>-</u>
	<u>\$ 1,436,277</u>	<u>17</u>	<u>\$ 1,702,879</u>	<u>17</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,387,085	17	\$ 1,590,740	15
Non-controlling interests	<u>(456)</u>	<u>-</u>	<u>48,380</u>	<u>1</u>
	<u>\$ 1,386,629</u>	<u>17</u>	<u>\$ 1,639,120</u>	<u>16</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 6.18</u>		<u>\$ 7.33</u>	
Diluted	<u>\$ 6.17</u>		<u>\$ 7.31</u>	

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

(Concluded)

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation						Other Equity					Total Equity Attributable to Owners of the Corporation	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain/(Loss) on Hedging Instruments	Total Other Equity	Treasury Stock			
				Legal Reserve	Special Reserve	Unappropriated Earnings								
BALANCE AT JANUARY 1, 2022	\$ 2,369,044	\$ 883,789	\$ 2,666,240	\$ 193,150	\$ 1,178,254	\$ 4,037,644	\$ (91,078)	\$ 269,420	\$ (12)	\$ 178,330	\$ (117,638)	\$ 7,351,169	\$ 266,738	\$ 7,617,907
Appropriation of 2021 earnings (Note 21)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	109,470	-	(109,470)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(947,618)	(947,618)	-	-	-	-	-	(947,618)	-	(947,618)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	109,470	-	(1,057,088)	(947,618)	-	-	-	-	-	(947,618)	-	(947,618)
Net profit for the year ended December 31, 2022	-	1	-	-	1,702,810	1,702,810	-	-	-	-	-	1,702,810	69	1,702,879
Other comprehensive income/(loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	40,370	40,370	52,934	(205,519)	145	(152,440)	-	(112,070)	48,311	(63,759)
Total comprehensive income/(loss) for the year ended December 31, 2022	-	-	-	-	1,743,180	1,743,180	52,934	(205,519)	145	(152,440)	-	1,590,740	48,380	1,639,120
Adjustments to capital surplus arising from dividends paid to subsidiaries	-	19,014	-	-	-	-	-	-	-	-	-	19,014	-	19,014
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	153	153	-	(153)	-	(153)	-	-	-	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(234,080)	(234,080)
Difference between consideration and carrying amount of associates acquired	-	-	-	-	(18,792)	(18,792)	-	-	-	-	-	(18,792)	-	(18,792)
BALANCE AT DECEMBER 31, 2022	2,369,044	902,804	2,775,710	193,150	1,845,707	4,814,567	(38,144)	63,748	133	25,737	(117,638)	7,994,514	81,038	8,075,552
Appropriation of 2022 earnings (Note 21)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	172,455	-	(172,455)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,184,522)	(1,184,522)	-	-	-	-	-	(1,184,522)	-	(1,184,522)
Net profit for the year ended December 31, 2023	-	-	172,455	-	(1,356,977)	(1,184,522)	-	-	-	-	-	(1,184,522)	-	(1,184,522)
Other comprehensive income/(loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	1,435,809	1,435,809	-	-	-	-	-	1,435,809	468	1,436,277
Total comprehensive income/(loss) for the year ended December 31, 2023	-	-	-	-	(13,095)	(13,095)	11,215	(46,726)	(118)	(35,629)	-	(48,724)	(924)	(49,648)
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	23,768	-	-	-	-	-	-	-	-	-	23,768	-	23,768
Decrease in non-controlling interests	-	-	-	-	8,149	8,149	-	(8,149)	-	(8,149)	-	-	(80,582)	(80,582)
Difference between consideration and carrying amount of associates acquired	-	-	-	-	(2,678)	(2,678)	-	-	-	-	-	(2,678)	-	(2,678)
Changes in capital surplus from investments in associates accounted for using the equity method	-	2,353	-	-	(6,050)	(6,050)	-	-	-	-	-	(3,697)	-	(3,697)
BALANCE AT DECEMBER 31, 2023	\$ 2,369,044	\$ 928,925	\$ 2,948,165	\$ 193,150	\$ 1,910,865	\$ 5,052,180	\$ (26,929)	\$ 8,873	\$ 15	\$ (18,041)	\$ (117,638)	\$ 8,214,470	\$ -	\$ 8,214,470

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

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,733,450	\$ 2,078,103
Adjustments for:		
Depreciation expense	459,210	450,944
Amortization expense	6,327	9,356
Net loss (gain) on fair value change of financial assets at fair value through profit or loss	(17,445)	92,104
Interest expense	18,555	25,654
Interest income	(19,863)	(13,616)
Dividend income	(17,425)	(29,471)
Share of the profit of associates	(104,988)	(192,841)
Loss on disposal of property, plant and equipment	214	1,384
Gain on disposal of investment properties	(33,742)	-
Loss on acquisition of investments accounted for using the equity method	211	-
Reversal of impairment loss on non-financial assets	(6,864)	(56,433)
Loss on disposal of subsidiary	11,878	-
Changes in operating assets and liabilities		
Financial instruments mandatorily classified as at fair value through profit or loss	(135,957)	236,583
Notes receivable	(89,904)	361
Accounts receivable	(114,559)	2,756
Accounts receivable - related parties	(2,396)	43,128
Other receivables	7,148	(35,976)
Inventories	(99,485)	13,286
Other current assets	(77,329)	(17,490)
Contract liabilities	(76,303)	71,728
Accounts payable	7,517	(17,195)
Accounts payable - related parties	41,308	(50,523)
Other payables	(5,597)	165,721
Other current liabilities	1,875	536
Net defined benefit liabilities	(4,041)	(2,952)
Cash generated from operations	1,481,795	2,775,147
Income taxes paid	(374,479)	(145,678)
Net cash generated from operating activities	<u>1,107,316</u>	<u>2,629,469</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(88,404)	-
Proceeds from sale of financial assets at fair value through other comprehensive income	16,090	-
Acquisition of financial assets at amortized cost	(20,000)	-
Acquisition of financial assets at fair value through profit or loss	(285,336)	(245,014)
Proceeds from disposal of financial assets at fair value through profit or loss	368,505	385,138
		(Continued)

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31	
	2023	2022
Acquisition of investments accounted for using the equity method	\$ (2,202)	\$ (138,989)
Proceeds from investments accounted for using the equity method	39,762	-
Increase in prepayments for investments	(24,512)	-
Proceeds from the capital reduction on investments accounted for using the equity method	3,375	47,675
Acquisition of property, plant and equipment	(548,510)	(252,267)
Proceeds from disposal of property, plant and equipment	-	202
Increase in refundable deposits	(30)	(40)
Proceeds from disposal of investment properties	53,717	-
Increase in other non-current assets	-	(2,638)
Decrease in other non-current assets	1,024	-
Interest received	20,246	13,028
Dividend received from associates	90,196	93,648
Dividend received	<u>17,425</u>	<u>29,471</u>
Net cash used in investing activities	<u>(358,654)</u>	<u>(69,786)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	5,189,798	5,638,866
Repayments of short-term borrowings	(5,293,838)	(6,058,926)
Increase in short-term bills payable	190,000	80,000
Decrease in short-term bills payable	(190,000)	(80,000)
Increase in long-term borrowings	1,100,000	740,000
Repayments of long-term borrowings	(830,000)	(1,090,000)
Increase in guarantee deposit received	28	402
Repayments of the principal portion of lease liabilities	(35,439)	(30,999)
Cash dividends paid	(1,160,754)	(928,604)
Interest paid	(24,235)	(27,637)
Decrease in non-controlling interests	<u>(80,582)</u>	<u>-</u>
Net cash used in financing activities	<u>(1,135,022)</u>	<u>(1,756,898)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(5,189)</u>	<u>43,939</u>
NET (DECREASE) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(391,549)	846,724
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,566,226</u>	<u>719,502</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,174,677</u>	<u>\$ 1,566,226</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
China Steel Chemical Corporation

Opinion

We have audited the accompanying standalone financial statements of China Steel Chemical Corporation (the "Corporation"), which comprise the standalone balance sheets as of December 31, 2023 and 2022, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the standalone financial statements, including material accounting policy information (collectively referred to as the "standalone financial statements").

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matter of the Corporation's standalone financial statements for the year ended December 31, 2023 is stated as follows:

Appropriateness of export sales cutoff

The Corporation's export transaction procedures are complicated and need to be confirmed manually so that the control of the goods is transferred to the customer according to the trade terms of the sale and revenue is recognized at the time of the transfer of the control. The management is under pressure to achieve the expected target and market expectations, which may lead to the manipulation of operating revenue. As a result, we considered the timing of revenue recognition of the operating revenue from export sales within a certain period of the financial reporting date as a key audit matter.

Our audit procedures for the above export sales included the following:

1. We obtained an understanding of and tested the operating effectiveness of the design and implementation of internal control of sales.
2. We performed cutoff procedures for export sales that took place within a certain period of the financial reporting date and verified the related documents to confirm the appropriateness of the revenue recognition.

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

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

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

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

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chao-Chun Wang and Hung-Ju Liao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2024

Notice to Readers

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

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

CHINA STEEL CHEMICAL CORPORATION

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

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,150,449	10	\$ 1,263,201	12
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	24,855	-	96,968	1
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	170,693	2	101,554	1
Notes receivable (Notes 4 and 9)	493	-	493	-
Accounts receivable, net (Notes 4 and 9)	530,467	5	434,394	4
Accounts receivable - related parties (Notes 4, 9 and 27)	225,283	2	255,807	2
Other receivables (Note 27)	13,276	-	26,438	-
Inventories (Notes 4, 5 and 10)	971,463	9	786,976	7
Other current assets (Note 15)	163,284	1	51,269	-
Total current assets	<u>3,250,263</u>	<u>29</u>	<u>3,017,100</u>	<u>27</u>
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 11)	2,956,014	26	3,034,365	28
Property, plant and equipment (Notes 4, 12 and 27)	3,874,383	34	3,785,807	34
Right-of-use assets (Notes 4, 13 and 27)	554,758	5	554,290	5
Investment properties (Notes 4 and 14)	533,013	5	552,988	5
Deferred tax assets (Notes 4 and 22)	64,688	1	78,707	1
Prepaid equipment	50,770	-	16,969	-
Refundable deposits	4,521	-	4,491	-
Other non-current assets (Note 15)	20,322	-	26,624	-
Total non-current assets	<u>8,058,469</u>	<u>71</u>	<u>8,054,241</u>	<u>73</u>
TOTAL	<u>\$ 11,308,732</u>	<u>100</u>	<u>\$ 11,071,341</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 434,746	4	\$ 551,581	5
Contract liabilities - current (Notes 4 and 20)	41,636	-	120,153	1
Accounts payable	40,553	-	33,568	-
Accounts payable - related parties (Note 27)	255,186	2	213,878	2
Other payables (Notes 17, 18 and 27)	388,491	3	413,054	4
Current tax liabilities (Note 22)	284,883	3	383,835	4
Lease liabilities - current (Notes 4, 13 and 27)	32,846	-	27,532	-
Other current liabilities	9,043	-	7,628	-
Total current liabilities	<u>1,487,384</u>	<u>12</u>	<u>1,751,229</u>	<u>16</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 16)	950,000	9	680,000	6
Deferred tax liabilities (Notes 4 and 22)	1,643	-	-	-
Lease liabilities - non-current (Notes 4, 13 and 27)	540,129	5	541,872	5
Net defined benefit liabilities (Notes 4 and 18)	111,196	1	99,844	1
Guarantee deposit received	3,910	-	3,882	-
Total non-current liabilities	<u>1,606,878</u>	<u>15</u>	<u>1,325,598</u>	<u>12</u>
Total liabilities	<u>3,094,262</u>	<u>27</u>	<u>3,076,827</u>	<u>28</u>
EQUITY (Notes 4 and 19)				
Ordinary shares capital	2,369,044	21	2,369,044	21
Capital surplus	928,925	8	902,804	8
Retained earnings				
Legal reserve	2,948,165	26	2,775,710	25
Special reserve	193,150	2	193,150	2
Unappropriated earnings	1,910,865	17	1,845,707	17
Total retained earnings	5,052,180	45	4,814,567	44
Other equity	(18,041)	-	25,737	-
Treasury shares	(117,638)	(1)	(117,638)	(1)
Total equity	<u>8,214,470</u>	<u>73</u>	<u>7,994,514</u>	<u>72</u>
TOTAL	<u>\$ 11,308,732</u>	<u>100</u>	<u>\$ 11,071,341</u>	<u>100</u>

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

CHINA STEEL CHEMICAL CORPORATION

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

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 20 and 27)				
Sales	\$ 8,033,518	99	\$ 10,375,540	99
Other operating revenue	<u>58,173</u>	<u>1</u>	<u>67,409</u>	<u>1</u>
Total operating revenue	8,091,691	100	10,442,949	100
OPERATING COSTS (Notes 10, 21 and 27)	<u>6,085,721</u>	<u>75</u>	<u>8,119,389</u>	<u>78</u>
GROSS PROFIT	<u>2,005,970</u>	<u>25</u>	<u>2,323,560</u>	<u>22</u>
OPERATING EXPENSES (Notes 21 and 27)				
Selling and marketing expenses	140,429	2	183,477	2
General and administrative expenses	143,768	2	146,725	1
Research and development expenses	<u>278,450</u>	<u>3</u>	<u>221,882</u>	<u>2</u>
Total operating expenses	<u>562,647</u>	<u>7</u>	<u>552,084</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>1,443,323</u>	<u>18</u>	<u>1,771,476</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 27)				
Interest income	16,468	-	10,861	-
Other income	107,457	1	179,649	2
Other gains and losses	26,949	-	(29,687)	-
Share of the profit of subsidiaries and associates	147,562	2	165,727	1
Interest expense	<u>(16,109)</u>	<u>-</u>	<u>(23,641)</u>	<u>-</u>
Total non-operating income and expenses	<u>282,327</u>	<u>3</u>	<u>302,909</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	1,725,650	21	2,074,385	20
INCOME TAX EXPENSE (Notes 4 and 22)	<u>289,841</u>	<u>4</u>	<u>371,575</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>1,435,809</u>	<u>17</u>	<u>1,702,810</u>	<u>16</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 18, 19 and 22)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(15,393)	-	47,175	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(5,639)	-	(15,508)	-

(Continued)

CHINA STEEL CHEMICAL CORPORATION

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

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Share of the other comprehensive income loss of subsidiaries and associates accounted for using the equity method	\$ (44,332)	(1)	\$ (187,386)	(1)
Income tax (expense) benefit related to items that will not be reclassified subsequently to profit or loss	3,079	-	(9,435)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	7,434	-	50,669	-
Unrealized gain on financial assets in debt instruments at fair value through other comprehensive income	2,464	-	5	-
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	<u>3,663</u>	<u>-</u>	<u>2,410</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(48,724)</u>	<u>(1)</u>	<u>(112,070)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,387,085</u>	<u>16</u>	<u>\$ 1,590,740</u>	<u>15</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 6.18</u>		<u>\$ 7.33</u>	
Diluted	<u>\$ 6.17</u>		<u>\$ 7.31</u>	

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

(Concluded)

CHINA STEEL CHEMICAL CORPORATION

STANDALONE STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Retained Earnings						Other Equity					
	Ordinary Shares Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain/(Loss) on Hedging Instruments	Total other Equity	Treasury Shares	Total Equity
					Earnings							
BALANCE AT JANUARY 1, 2022	\$ 2,369,044	\$ 883,789	\$ 2,666,240	\$ 193,150	\$ 1,178,254	\$ 4,037,644	\$ (91,078)	\$ 269,420	\$ (12)	\$ 178,330	\$ (117,638)	\$ 7,351,169
Appropriation of 2021 earnings (Note 19)												
Legal reserve	-	-	109,470	-	(109,470)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(947,618)	(947,618)	-	-	-	-	-	(947,618)
	-	-	109,470	-	(1,057,088)	(947,618)	-	-	-	-	-	(947,618)
Changes in capital surplus from investments in subsidiaries and associates accounted for using the equity method	-	1	-	-	-	-	-	-	-	-	-	1
Net profit for the year ended December 31, 2022	-	-	-	-	1,702,810	1,702,810	-	-	-	-	-	1,702,810
Other comprehensive income/(loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	40,370	40,370	52,934	(205,519)	145	(152,440)	-	(112,070)
Total comprehensive income/(loss) for the year ended December 31, 2022	-	-	-	-	1,743,180	1,743,180	52,934	(205,519)	145	(152,440)	-	1,590,740
Adjustments to capital surplus arising from dividends paid to subsidiaries	-	19,014	-	-	-	-	-	-	-	-	-	19,014
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	153	153	-	(153)	-	(153)	-	-
Difference between consideration and carrying amount of associates acquired	-	-	-	-	(18,792)	(18,792)	-	-	-	-	-	(18,792)
BALANCE AT DECEMBER 31, 2022	2,369,044	902,804	2,775,710	193,150	1,845,707	4,814,567	(38,144)	63,748	133	25,737	(117,638)	7,994,514
Appropriation of 2022 earnings (Note 19)												
Legal reserve	-	-	172,455	-	(172,455)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,184,522)	(1,184,522)	-	-	-	-	-	(1,184,522)
	-	-	172,455	-	(1,356,977)	(1,184,522)	-	-	-	-	-	(1,184,522)
Net profit for the year ended December 31, 2023	-	-	-	-	1,435,809	1,435,809	-	-	-	-	-	1,435,809
Other comprehensive income/(loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(13,095)	(13,095)	11,215	(46,726)	(118)	(35,629)	-	(48,724)
Total comprehensive income/(loss) for the year ended December 31, 2023	-	-	-	-	1,422,714	1,422,714	11,215	(46,726)	(118)	(35,629)	-	1,387,085
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	8,149	8,149	-	(8,149)	-	(8,149)	-	-
Adjustments to capital surplus arising from dividends paid to subsidiaries	-	23,768	-	-	-	-	-	-	-	-	-	23,768
Difference between consideration and carrying amount of associates acquired	-	-	-	-	(2,678)	(2,678)	-	-	-	-	-	(2,678)
Changes in capital surplus from investments in subsidiaries and associates accounted for using the equity method	-	2,353	-	-	(6,050)	(6,050)	-	-	-	-	-	(3,697)
BALANCE AT DECEMBER 31, 2023	\$ 2,369,044	\$ 928,925	\$ 2,948,165	\$ 193,150	\$ 1,910,865	\$ 5,052,180	\$ (26,929)	\$ 8,873	\$ 15	\$ (18,041)	\$ (117,638)	\$ 8,214,470

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

CHINA STEEL CHEMICAL CORPORATION

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

	For the Year Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,725,650	\$ 2,074,385
Adjustments for:		
Depreciation expense	452,448	439,094
Amortization expense	5,340	8,341
Net loss (gain) on financial assets at fair value through profit or loss	(2,573)	25,281
Interest expense	16,109	23,641
Interest income	(16,468)	(10,861)
Dividend income	(2,878)	(8,636)
Share of the profit of subsidiaries and associates	(147,562)	(165,727)
Loss on disposal of property, plant and equipment	205	1,492
Gain on disposal of investment properties	(33,742)	-
Loss on disposal of investments accounted for using the equity method	211	-
Reversal of impairment loss on non-financial assets	(5,871)	(55,119)
Loss on disposal of subsidiary	11,878	-
Changes in operating assets and liabilities		
Notes receivable	-	108
Accounts receivable	(96,073)	(39,852)
Accounts receivable - related parties	30,524	(16,497)
Other receivables	4,201	(3,055)
Inventories	(178,616)	136,268
Other current assets	(87,503)	(9,227)
Contract liabilities	(78,517)	70,617
Accounts payable	6,985	(17,195)
Accounts payable - related parties	41,308	(50,523)
Other payables	(8,436)	149,617
Other current liabilities	1,415	549
Net defined benefit liabilities	(4,041)	(2,952)
Cash generated from operations	1,633,994	2,549,749
Income taxes paid	(370,052)	(138,712)
Net cash generated from operating activities	<u>1,263,942</u>	<u>2,411,037</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(88,404)	-
Proceeds from sale of financial assets at fair value through other comprehensive income	16,090	-
Acquisition of financial assets at fair value through profit or loss	(285,336)	(245,014)
Proceeds from sale of financial assets at fair value through profit or loss	368,505	385,138

(Continued)

CHINA STEEL CHEMICAL CORPORATION

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

	For the Year Ended December 31	
	2023	2022
Proceeds from disposal of investments accounted for using the equity method	\$ 39,762	\$ -
Increase in prepayments for investments	(24,512)	-
Disposal of subsidiary	80,582	-
Proceeds from capital reduction on investment accounted for using the equity method	3,375	6,750
Acquisition of property, plant and equipment	(547,521)	(250,461)
Increase in refundable deposits	(30)	(40)
Proceeds from disposal of investment properties	53,717	-
Increase in other non-current assets	962	(2,582)
Interest received	16,946	10,474
Dividends received from subsidiaries and associates	74,263	185,774
Other dividends received	<u>2,878</u>	<u>8,636</u>
Net cash generated from (used in) investing activities	<u>(288,723)</u>	<u>98,675</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	5,053,852	5,453,286
Repayments of short-term borrowings	(5,170,687)	(5,873,346)
Increase in short-term bills payable	180,000	50,000
Decrease in short-term bills payable	(180,000)	(50,000)
Increase in long-term borrowings	1,100,000	740,000
Repayments of long-term borrowings	(830,000)	(1,090,000)
Increase in guarantee deposit received	28	402
Repayments of the principal portion of lease liabilities	(34,853)	(30,410)
Cash dividends paid	(1,184,522)	(947,618)
Interest paid	<u>(21,789)</u>	<u>(25,624)</u>
Net cash used in financing activities	<u>(1,087,971)</u>	<u>(1,773,310)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(112,752)	736,402
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,263,201</u>	<u>526,799</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,150,449</u>	<u>\$ 1,263,201</u>

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

(Concluded)

Explanation: 2023 Dividends Distribution Proposal. Submitted for Ratification.

Description:

- I. Dividends for 2023 are proposed to be distributed pursuant to Article 26-1 of the CSCC Articles of Association. Please refer to page 33 for the 2023 Dividends Distribution Forecast Table.
- II. Proposal to distribute cash dividends of NT\$947,617,920 to shareholders, equivalent to NT\$4 per share. Undistributed surplus earnings after dividends have been paid amounts to NT\$821,033,210.
- III. The ex-dividend date for the cash dividend shall be authorized to be determined by the Chairperson, after the proposal is submitted to and passed by the 2024 Annual Shareholders' Meeting. Upon the distribution of cash dividends, the total amount of dividends distributed to an individual shareholder shall be rounded down to NT\$1, and the leftover fractions shall be summed up and included in other income of CSCC.

Resolution:

China Steel Chemical Corporation

Surplus Distribution Forecast

From 1 January, 2023 to December 31, 2023

Unit: NTD

Opening balance of undistributed earnings	\$488,729,374
Pension actuarial (losses) gains credited to retained earnings	(13,095,336)
Disposal of investments in equity instruments measured at fair value through profit or loss	8,149,213
Changes in long-term investments credited to retained earnings	(<u>8,728,081</u>)
Adjusted undistributed earnings	475,055,170
Add: Net profit after tax for the year	1,435,809,489
Less: Statutory surplus reserve	(<u>142,213,529</u>)
Earnings Available for Distribution	1,768,651,130
Distribution item	
Shareholders' cash dividend: NT\$4/share	(<u>947,617,920</u>)
Closing balance of undistributed earnings	<u><u>821,033,210</u></u>

Chairman: Wen-Jung Hsieh



Manager: Ming-Dar Fang



Chief Auditor: Li-Li Kuo



III. Extempore Motions

Extempore Motions

C. Rules and Regulations

Rules Governing Procedures for Shareholders' Meeting of China Steel Chemical Corporation

Established on 28 April 1997

The 1st amendment was made on 28 May 1998

The 2nd amendment was made on 11 June 2002

The 3rd amendment was made on 14 May 2004

The 4th amendment was made on 10 June 2013

The 5th amendment was made on 12 June 2019

The 6th amendment was made on 10 June 2020

The 7th amendment was made on June 15, 2022

Article 1 Except otherwise provided for in laws and regulations, or in the Articles, the rules of procedure for the Shareholders' Meetings of CSCC shall comply with these Rules.

Article 2 Unless otherwise provided by the law and regulations, Shareholders' meetings of CSCC shall be convened by the Board of Directors.

CSCC shall upload the electronic version of the meeting notice for the Shareholders' Meeting, paper for the power of attorney, and the proposals, discussions, election or dismissal of Directors to the Market Observation Post System 30 days before the Annual Shareholders' Meeting, or 15 days before the Extraordinary Shareholders' Meeting. CSCC shall prepare and upload electronic versions of the Shareholders' Meeting handbook and the supplemental materials referred to in the preceding paragraph to the Market Observation Post System 21 days before the Annual Shareholders' Meeting or 15 days before the Extraordinary Shareholders' Meeting. 15 days before the date of the Shareholders' Meeting, the Shareholders' Meeting agenda handbook and supplementary information shall be prepared for Shareholders' perusal at any time, displayed at CSCC and CSCC's professional Shareholder services agency, and distributed on-site during the Shareholders' Meeting.

The notice and public announcement shall indicate the reasons for convening the meeting. The notice, if agreed by counterparties, may be delivered by electronic means.

Elections or dismissals of directors, changes to the Articles, dissolution, merger, spin-off of CSCC, or items pertaining to Paragraph 1, Article 185 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" or other matters that may not be proposed at a Shareholders' Meeting as extempore motions pursuant to laws and regulations shall be listed and summarized in the meeting proposals, and shall not be raised in extempore motions.

Where re-election of all Directors as well as their inauguration date is stated in the notice of the reasons for convening the Shareholders' Meeting, after the completion of the re-election in said meeting, such inauguration date may not be altered by any extempore motion or otherwise in the same meeting.

Shareholders who own more than 1% of CSCC's outstanding shares are entitled to propose agenda items for discussion in the Annual General Meeting. However, they may only propose one agenda item, and additional proposals shall not be included in the agenda. In addition, when the circumstances described in any subparagraph of paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a Shareholder, the Board of Directors may exclude it from the agenda.

CSCC shall announce, before the book closure date before an Annual General Meeting, the conditions, written or digital formats accepted, and submission venue and time period for accepting Shareholders' proposals. the period for submission for Shareholders' proposals may not be less than 10 days.

A proposal submitted by a Shareholder shall be limited to 300 words, and no proposal with than 300 words shall be included in the meeting agenda. The Shareholder submitting the proposal shall attend in person or by proxy at the Shareholders' Meeting and take part in the discussion of the proposal.

CSCC shall, prior to the delivery of the Shareholders' Meeting notice, inform all the Shareholders who submitted proposals of the proposal screening results and shall list in the Shareholders' Meeting notice the proposals conforming to the requirements set out in the Article. At the Shareholders' Meeting, the Board of Directors shall explain the reasons for the exclusion of any Shareholder's proposals.

Article 3 For each Shareholders' Meeting, a Shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by CSCC stating the scope of the proxy's authorization.

A Shareholder shall provide one proxy form to appoint one proxy. The form shall be delivered to CSCC five days prior to the date of the Shareholders' Meeting. When more than one proxy forms are delivered, the one received earliest shall prevail. However, this restriction does not apply to the withdrawal of prior proxy engagements.

Should a Shareholder intend to exercise voting rights by correspondence or electronic means after the deliverance of a written declaration, the intent has to be declared in writing to CSCC two days before the date of the Shareholders' Meeting. When the cancellation is overdue, the voting by proxy prevails.

Article 4 The venue for a Shareholders' Meeting shall be at the premises of CSCC, or a place easily accessible to Shareholders and suitable for a Shareholders' Meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 5 CSCC shall indicate on the meeting notice the check-in time and location and other matters for attention for Shareholders.

The time during which Shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel

assigned to handle the registrations.

The Shareholders or their appointed proxies (the "Shareholders") shall attend the Shareholders' Meeting with an attendance permit, attendance card, or other attendance certificates. CSCC shall not arbitrarily request attending Shareholders to provide other documents of proof. Those who solicit letters of authorization shall also bring identification documents for verification.

CSCC shall deliver the meeting handbook, annual report, attendance permit, attendance card, speaker's slip, voting ticker, and other meeting materials to the Shareholders attending the Shareholders' Meeting in person or the proxies engaged by Shareholders (the "Shareholders"). Where there is a Director election, the election votes shall be otherwise enclosed.

When the government or a juristic person is a Shareholder, it may be represented by more than one representative at a Shareholders' Meeting. When a juristic person has been delegated to attend the Shareholders' Meeting, only one person should be delegated as a proxy.

Article 6 When a Shareholders' Meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairperson. When the Chairperson is on leave or for any reason unable to exercise the powers of the Chairperson, the Chairperson shall appoint one of the Directors to act as the chair. Where the Chairperson has not made such a designation, a chair shall be elected among the Directors.

Where a Director is to chair the meeting as described in the preceding paragraph, it shall be a Director who has held the position for at least six months and is familiar with CSCC's financial and business conditions. The same shall apply when the Chairperson is a representative of a juristic person Director.

Where a Shareholders' Meeting is convened by a party with the power to convene, but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall elect one person from among themselves to act as the Chairperson.

Article 7 The Shareholders' Meeting convened by the Board of Directors shall have more than half of the Board of Directors and at least one member of each of functional committees attending in person. The attendance record shall be documented in the minute book of the Shareholders' Meeting. CSCC may appoint its attorneys, CPA, or related persons to present at a Shareholders' Meeting.

Article 8 CSCC shall make uninterrupted audio and video recording starting from the attendance registrations, the proceedings of the Shareholders' Meeting, the voting, and to vote-counting procedures.

The aforementioned recordings shall be kept for at least one year. However, where a Shareholder files a lawsuit based on Article 189 of the Company Act, the recordings shall be retained until the conclusion of the litigation.

Article 9 The attendance for the Shareholders' Meeting shall be based on the number of shares, and the number of shares attended shall be calculated based on the

attendance card being submitted. For Shareholders who exercised their voting rights in writing or via electronic manner, add the number of shares that exercised the voting rights in writing or via electronic manner.

During the course of the meeting, the total number of voting rights shall be updated at any time if there is an increase in the attending Shareholders.

Article 10 The Chairperson shall announce the commencement of the meeting as soon as the appointed meeting time arrives and announce related information, including the number of shares without voting rights and the number of shares in attendance at the same time. However, if those in attendance represent less than half of CSCC's outstanding shares, the Chairperson may announce a postponement to the meeting up to two times, for a total period of no more than one hour. Where the meeting had been delayed two times, but no Shareholders represent more than half of the total of issued shares attended, except for complying with paragraph 2, the Chairperson shall announce adjournment.

If the aforementioned two delays still fail to meet the quorum, but the number of shares that represent more than one-third of the total number of issued shares are present, tentative resolutions may be resolved pursuant to Article 175-1 of the Company Act, and each Shareholder will be notified of the tentative resolutions, and another Shareholders' meeting will be convened within one month. However, for special resolutions required by the Company Act shall comply with the requirements of the Company Act.

Where, prior to the conclusion of the meeting, the attending Shareholders represent more than half of the total number of issued shares, the Chairperson may resubmit the tentative resolutions for a vote by the Shareholders' meeting pursuant to Article 174 of the Company Act.

Article 11 If the Shareholders' Meeting is convened by the Board of Directors, the Board of Directors shall determine the meeting proceedings. Related proposals (including extempore motions and amendments of original proposals) shall be decided through a vote on a case-by-case basis. Meeting proceedings shall not be changed unless resolved during the Shareholders' Meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a Shareholders' Meeting convened by a party with the power to convene that is not the Board of Directors.

The Chairperson may not arbitrarily declare the adjournment of the meeting before the end of proceedings (including extempore motions). If the Chairperson declares the meeting adjourned in violation of the Rules of Procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new Chairperson in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending Shareholders, and then continue the meeting.

Upon the end of the agenda, after the Chairperson had announced adjournment according to the Rules of Procedures, Shareholders may not elect another

Chairperson to continue the meeting at the same venue or otherwise.

Article 12 The Chairperson shall remain fair and just and strictly implement the Rules of Procedures to facilitate the process of the meeting.

Attending Shareholders are obliged to comply with the Rules of Procedures, the speech etiquette, and maintaining the order of the meeting.

Article 13 Before attending Shareholders making a speech, the Shareholders shall fill in a speaker's slip specifying the summary of the speech, the Shareholder's account number, and the name of the account. The Chairperson shall set the order of speech.

A Shareholder who has submitted a speaker's slip but failed to deliver a speech shall be deemed to have not spoken. If the contents of the speech are inconsistent with the contents of the speaker's slip, the contents of speech shall prevail.

Except with the consent of the Chairperson, a Shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes. If the Shareholder's speech violates the rules or exceeds the scope of the agenda item, the Chairperson may terminate the speech.

When a Shareholder attends the Shareholders' Meeting, other Shareholders may not speak or interrupt unless they have sought and obtained the consent of the Chairperson and the Shareholder that has the floor. The Chairperson shall stop any violation.

When a juristic person Shareholder appoints two or more representatives to attend a Shareholders' Meeting, only one of the representatives may speak on the same proposal.

After an attending Shareholder has spoken, the Chairperson may respond in person or direct relevant personnel to respond.

Article 14 The Chairperson shall allow ample opportunity during the meeting for the amendments, alternative proposals, or extempore motions put forward by shareholders to be explained and discussed. When the Chairperson decides that a proposal has been discussed sufficiently to be put to a vote, the Chairperson may announce that the discussion is closed and call for a vote. The Chairperson shall also arrange for sufficient time for a vote to take place.

Article 15 The Shareholders of CSCC shall be entitled with one vote with each share they hold; however, Shareholders whose voting rights are restricted or have no voting rights according to paragraph 3, Article 157 and paragraph 2, Article 179 of the Company Act or requirements of other laws and regulations shall be excluded. Voting rights shall be exercised electronically or in writing during a shareholders' meeting; For the exercise of voting rights in writing or electronically, the exercising method shall be set out on the meeting notice of the Shareholders' Meeting. A Shareholder exercising voting rights in writing or electronically shall be deemed as having attended the Shareholders' Meeting in person. However, the Shareholder shall be deemed as having abstained from the extempore motions or amendments to the original proposal.

A Shareholder intending to exercise voting rights in writing or electronically under the preceding paragraph shall deliver a written declaration of intent to CSCC two days before the date of the Shareholders' Meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail. However, this restriction does not apply when a declaration is made to cancel the earlier declaration of intent.

Where a Shareholder (who has exercised their voting rights in writing or electronically) intends to attend the Shareholder's Meeting in person, he/she shall cancel the written declaration of intent for the voting rights in the same manner stated in the preceding paragraph two days before the Shareholders' Meeting. When the cancellation is overdue, voting right exercised in writing or electronically shall prevail. When a Shareholder has exercised voting rights both in writing or electronically and by appointing a proxy to attend the Shareholders' Meeting, the voting rights exercised by the proxy attending the meeting shall prevail.

For the resolutions of the Shareholders' Meeting, the number of shares of Shareholders with no voting rights shall be excluded from the total number of issued shares.

Except for exercising the rights to elect Directors, when a Shareholder is an interested party in any item of the agenda, and there is the likelihood that such a conflict of interest would prejudice the interests of CSCC, the Shareholder shall abstain from the vote, and may not exercise voting rights on behalf of any other Shareholders. The number of shares that may not exercise their voting rights shall be excluded from the voting number of the attending Shareholders. Except for the trust business or the stock agency approved by the securities regulatory authority, when one person is entrusted by two or more Shareholders at the same time, the voting rights it represents shall not exceed 3% of the voting rights of the total issued shares. Where it does, the exceeding voting rights shall be excluded. However, such voting rights shall still be included in the voting rights attended the meeting.

Article 16 Except as otherwise provided in the Company Act and in the Articles, the resolution of a proposal shall require an affirmative vote representing a majority of the voting rights represented by the attending Shareholders.

At the time of a vote, for each proposal, the Chairperson or a person designated by the Chairperson shall first announce the total number of voting rights represented by the attending Shareholders, followed by a poll of the Shareholders. After the conclusion of the meeting and on the same day it is held, the voting results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

Article 17 When there is an amendment or alternative to the same motion, the Chairperson shall combine it with the original case and set the order of voting. When any one among them is passed, the other proposals will then be deemed rejected,

and no further voting shall be required.

Article 18 Before the vote of any proposal, the Chairperson shall designate two scrutineers and several counting agents to execute their relevant duties. The scrutineers shall be Shareholders.

The vote counting at the Shareholders' Meeting or election proposals shall be carried out publicly at the venue holding the Shareholders' Meeting Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record shall be made for the vote.

Article 19 Where the Shareholders' Meeting involves re-election of Directors, the election must proceed pursuant to the Procedures for Directors' Election of CSCC, and results shall be announced on-site immediately including the names of those elected as Directors and the numbers of votes with which they were elected, as well as the names of those not elected as Directors and the numbers of votes they received.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the scrutineers and kept in proper custody for at least one year. However, where a Shareholder files a lawsuit based on Article 189 of the Company Act, the recordings shall be retained until the conclusion of the litigation.

Article 20 Matters relating to the resolutions of at a Shareholders' Meeting shall be recorded in the minute book. The minute book shall be signed or stamped by the Chairperson and shall be distributed to all Shareholder within 20 days from the conclusion of the meeting.

The preparation and distribution of the minute book may be affected by electronic means.

The distribution of the minute book, as described in the preceding paragraph, may be conducted by a public announcement on the MOPS.

The minute book must detail the date and venue of the meeting, the Chairperson's name, the method of resolution, the meeting proceedings and voting results (including the tallied number of votes). Where there is an election of Directors, the number of votes of each candidate shall be disclosed. The minutes for each Shareholder's Meeting shall be perpetually kept by CSCC for its period of existence, and shall be fully disclosed on the CSCC website.

The election of Directors shall state the method of voting and the number of elected Directors' shares.

Article 21 On the day of a Shareholders' Meeting, CSCC shall compile in the prescribed format a statistical statement on the number of shares obtained by proxy assent from others and the number of shares represented by proxies, and shall make an express disclosure of this information at the place of the Shareholders' Meeting.

Article 22 Where matters put to a resolution at a Shareholders' Meeting constitute material information under applicable laws or regulations, or under Taiwan Stock

Exchange Corporation regulations, CSCC shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 23 Staff handling administrative affairs of a Shareholders' Meeting shall wear identification cards or armbands.

The Chairperson may direct the pickets or security personnel to help maintain order at the meeting place. The pickets or security personnel shall wear armbands with the word "Picket" when maintaining order.

At the place of a Shareholders' Meeting, where a Shareholder attempts to speak through any device other than the public address equipment set up by CSCC, the Chairperson may stop the Shareholder from so doing.

Where the Shareholder violates the rules of procedures and defies the Chairperson's instruction, and obstructs the proceedings and refuses to stop, the Chairperson may direct the pickets or security personnel to escort the Shareholder out of the venue.

Article 24 When a meeting is in progress, the Chairperson may announce a break based on time considerations. If an unpreventable event occurs, the Chairperson may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

Before the completion of agendas (including extempore motions) of the Shareholders' Meeting, when the meeting venue is not available for continued use, the Shareholders' Meeting may resolve to seek a new venue to resume the meeting.

The Shareholders' Meeting may, in accordance with the provisions of Article 182 of the Company Act, decide to postpone or resume the assembly within five days.

Article 25 The Rules of Procedures, and any amendments thereto, shall be implemented after passing at a Shareholders' Meeting.

Articles of Association of China Steel Chemical Corporation

Chapter I. General

- Article 1. CSCC is established according to the requirements related to limited companies according to the Company Act of the Republic of China, and was named 中鋼碳素化學股份有限公司, in Chinese, and CHINA STEEL CHEMICAL CORPORATION, in English.
- Article 2. Business scope of CSCC:
- I. C801010 Basic Industrial Chemical Manufacturing.
 - II. C801020 Petrochemical Manufacturing.
 - III. C801990 Other Chemical Materials Manufacturing.
 - IV. C802080 Pesticide Manufacturing.
 - V. C802120 Industrial Catalyst Manufacturing.
 - VI. C802200 Coating, Paint, Dyeing and Dyestuff Manufacturing.
 - VII. C802990 Other Chemical Products Manufacturing.
 - VIII. C803990 Other Petroleum and Charcoal Manufacturing.
 - IX. C901990 Other Non-metallic Mineral Products Manufacturing.
 - X. CZ99990 Manufacturing of Other Industrial Products Not Elsewhere Classified.
 - XI. F102180 Wholesale of Ethanol.
 - XII. F107020 Wholesale of Dyeing Mills and Dyestuff.
 - XIII. F107080 Wholesale of Environment Medicines.
 - XIV. F107170 Wholesale of Industrial Catalysts.
 - XV. F107200 Wholesale of Chemistry Raw Materials.
 - XVI. F107990 Wholesale of Other Chemical Products.
 - XVII. F111090 Wholesale of Building Materials.
 - XVIII. F112020 Wholesale of Coal and Products.
 - XIX. F112040 Wholesale of Petrochemical Fuel Products.
 - XX. F120010 Wholesale of Refractory Materials.
 - XXI. F199990 Other Wholesale Trade.
 - XXII. F203030 Retail Sale of Ethanol.
 - XXIII. F207990 Retail of Other Chemical Products.
 - XXIV. F211010 Retail Sale of Building Materials.
 - XXV. F212030 Retail Sale of Coal.
 - XXVI. F401010 International Trade.
 - XXVII. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1 In order to diversify our operating objectives, the total investments made by the CSCC into other companies must exceed 40% of CSCC's paid-in capital.
- Article 2-2 CSCC may provide external endorsement/guarantee as required by its operations.
- Article 3. CSCC is established in Kaohsiung City, the Republic of China. CSCC may

establish domestic and overseas branch organizations at proper venues according to its actual needs.

Article 4. Except for otherwise provided by the regulatory authority for securities, CSCC's announcements shall be published on the substantial part of a daily newspaper that circulates at the location where CSCC operates.

Chapter II. Shares

Article 5. The total capital of CSCC shall be NT\$1 billion, divided into 300,000,000 shares with a par value of NT\$10 per share, and shall be issued in installments.

Article 6. Except for shares issued without printing any share certificate, CSCC shall number its share certificates, and the share certificates shall be signed or stamped by the Director on behalf of CSCC, and the issuance shall be subject to the certification by a bank eligible for certifying the issuance of share certificates according to the law.

For shares issued without printing any share certificate, CSCC shall engage a centralized securities depository enterprise/institution for the registration of such shares.

Article 6-1. CSCC may make consolidation and re-issue share certificates with a higher nominal amount according to the request of Taiwan Depository & Clearing Corporation.

Article 7. The handling of the CSCC's share certificate affairs shall be conducted in accordance with the provisions of the Regulations Governing the Administration of Shareholder Services of Public Companies.

Chapter III. Shareholders Meeting

Article 8. CSCC's Shareholders' Meeting falls in the following categories:

I. Annual Shareholders' Meeting.

II. Extraordinary Shareholders' Meeting.

The Annual Shareholders' Meeting shall be convened by the Board of Directors within six months from the end of the fiscal year according to the law. The Extraordinary Shareholder's Meeting shall be convened according to the law when necessary.

Article 9. The convening of the Annual Shareholders' Meeting shall comply with requirements under the Company Act, the Securities and Exchange Act, and relevant laws and regulations.

Article 10. Resolutions at Shareholders' Meetings shall, unless otherwise provided for in related laws and regulations, be adopted by at least half of all Shareholders present. Consent from Shareholders present who represent more than half of the total number of voting rights shall be obtained for implementation.

Article 11. The Shareholders of CSCC shall be entitled with one vote with each share they hold; however, Shareholders whose voting rights are restricted or have no voting rights according to paragraph 3, Article 157 and paragraph 2, Article 179 of the Company Act or requirements of other laws and regulations shall be excluded.

Article 12. Where a shareholder cannot attend a Shareholders' Meeting for any reason, the Shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by CSCC. Except for otherwise required by the Company Act, a Shareholder engaging a proxy for attendance, shall comply with the Rules for Using Proxies to Attend Shareholders' Meeting for Publicly Trading Companies promulgated by the governing authorities.

Article 13. The Chairperson shall chair the Shareholders' Meeting unless the Company Act provides otherwise. or for any reason unable to exercise the powers of the Chairperson, the Chairperson shall appoint one of the Directors to act as the chair. Where the Chairperson has not made such a designation, a chair shall be elected among the Directors. When the meeting is called by a person other than the Board of Directors, the convener shall preside as the chair, and when there are two or more conveners, a person among them shall be elected to preside as the chair.

Article 14. Matters relating to the resolutions of at a Shareholders' Meeting shall be recorded in the minute book. The minute book shall be signed or stamped by the Chairperson of the Shareholders' Meeting. The minute book, together with the sign-in book for attending Shareholders and the proxy forms for engaging proxies for attendance shall be compiled by the Board of Directors and kept by CSCC.

The public announcement of the minute book mentioned in the preceding paragraph shall suffice.

Chapter IV. Directors, the Audit Committee, and Managers

Article 15. CSCC has 9 to 11 Directors with a tenure of three years and may be re-elected for consecutive terms.

When electing Directors at the Shareholders' Meeting, the number of Directors to be elected shall be the election rights for each share. The election right may be used together to elect one person or separately to elect multiple persons. Candidates who won the most voting rights represented by the votes shall be elected as Directors.

CSCC's Directors shall be elected by adopting a candidate nomination system. Shareholders shall elect the Directors among the list of Director candidates. The election for Independent Directors and Non-independent Directors shall be held at the same time, but the numbers to be elected shall be calculated separately. After being elected, liability insurance shall be purchased for Directors according to its scope of business during their tenure upon a resolution at the Board Meeting.

The total shareholding ratio of all the Directors shall be handled in accordance with the provisions of the securities regulatory authority.

Within the number of Directors of each session elected according to paragraph 1, the number of Independent Directors shall not be less than three, and shall not be less than one-fifth of the number of Directors to be elected. Shareholders

shall elect the Directors among the list of Director candidates.

The Independent Directors' professional qualifications, shareholding, and part-time restrictions, determination of independence, nomination and selection methods, and other matters of compliance shall be subject to the relevant regulations of the competent authorities for securities.

Article 15-1 CSCC has established an Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act. The Audit Committee is responsible for the implementation of the functions and powers of the Supervisors stipulated in the Company Act, the Securities and Exchange Act, and other laws and regulations. The Audit Committee comprises all Independent Directors, and the number of their members shall not be less than three, one of them is the convener, and at least one of them has accounting or financial expertise.

The resolution of the Audit Committee shall be approved by more than the majority of all members of the Audit Committee.

The exercise of the functional authority of the Audit Committee, the organization regulations, and other matters to be complied with shall comply with the Securities Exchange Act and other relevant laws and regulations or the Articles of Association.

Article 16. The functions and powers of the Board of Directors are as follows:

- I. Review of annual operating policy and operating budget.
- II. Approval of personnel at the level of vice general manager and above and the head of finance and accounting and Chief Auditor.
- III. Review of annual Business Report and Financial Report.
- IV. Determination of the pledge, sale/purchase, or other disposals of the properties of CSCC.
- V. Approval of investment plans.
- VI. Approval of significant capital expenditure.
- VII. Approval of acquisition or transfer of specialized technology patents and technical partnership contracts.
- VIII. Approval of the establishment and demolition of branches.
- IX. Proposal for the amendments to Articles of Association, change in capital, and the dissolution or merger of the Company.
- X. Proposal for surplus distribution or make-up for losses.
- XI. Approval for internal organization of CSCC and its authority.
- XII. Approval of employee's salary standards.
- XIII. Approval of the appointment, discharge, and compensation of the CPA.
- XIV. Formulation or amendments to procedures for significant financial or business conducts, such as acquisition or disposal of assets, engaging in derivatives trading, loaning of funds to others, or provision of endorsements/guarantees to others, as well as the approval of internal control system, and other significant regulations.
- XV. Approval of offering, issuance, or private placement of any equity-based

securities, and approval of non-equity-based corporate bonds.

XVI. Review of other matters authorized by laws and regulations.

Article 17. A Chairperson shall be elected among the Directors with two-thirds or more of all Directors in attendance and the consent of the majority of the Directors present. The Chairperson of the Board of Directors represents CSCC externally. When the Chairperson is on leave or for any reason unable to exercise the powers of the Chairperson, the Chairperson shall appoint one of the Directors to act as the chair. Where the Chairperson has not made such a designation, a chair shall be elected among the Directors.

Article 18. The Board of Directors shall be organized by the Chairperson unless otherwise provided by the Company Act. The Board Meeting shall be convened at least once a quarter. Extraordinary Board meetings may be convened when necessary. Reasons for convening a Board Meeting shall be notified to Directors and Supervisors 7 days in advance. In the event of an emergency, a meeting may be convened at any time. The notice of the Board Meeting shall be delivered in written, fax, or electronic form.

Unless otherwise provided by the Company Act, a resolution of the Board of Directors shall be adopted by the consent of half of the Directors in attendance at the meeting where half of the total number of Directors presents.

Article 19. Where a Director is unable to attend the Board Meeting for any reasons, he/she may engage another Director to stand proxy according to the law. No Director may act as a proxy for more than one other Directors. Matters related to the engagement of proxies by CSCC Directors shall be handled pursuant to Article Two-Hundred and Five of the Company Act. The proxy of Directors If the Board of Directors meeting is convened by video conference, attendance via video conference is deemed to be attended in person.

Article 20. (Article deleted)

Article 21. (Article deleted)

Article 22. CSCC has one general manager and several vice general managers. The appointment, discharge, and remuneration shall comply with Article 29 of the Company Law.

Article 23. The general manager shall adhere to the policy determined by the Board of Directors to manage all businesses of CSCC.

Article 24. The assistant vice general manager and other personnel of the same level and line manager of CSCC shall be proposed by the general manager to the Chairperson for the approval of employment. Other practitioners shall be employed by the general manager. However, where the laws and regulations have otherwise provided that the appointment shall be resolved by the Board Meeting, proceed accordingly.

Chapter V. Accounting

Article 25. The CSCC's fiscal year is from 1 January to 31 December each year. Upon the end of the fiscal year, the Board of Directors shall prepare the following books

and statements to be submitted to the Annual Shareholders' Meeting for ratification:

- I. Business Report;
- II. Financial Statements;
- III. Proposal of surplus distribution or loss compensation.

Article 26. Where the Company recorded any profit for the year, the Board shall resolve to appropriate no less than 1% as the remuneration to employees and no more than 1% as that to directors; the distribution targets for the remuneration of employees include employees of subsidiaries fulfilling certain conditions. However, when CSCC has accumulated losses, the reserve shall be retained in advance before allocating the remuneration of employees and remuneration of Directors and Supervisors.

The Board of Directors shall resolve on the distribution of employee remuneration and Director remuneration and report at the Annual Shareholders' Meeting.

Article 26-1 Where the Company recorded earnings after the final annual account, the Company shall pay tax according to the law, make compensation for accumulated losses, and appropriate 10% as the statutory surplus reserve; however, when the statutory surplus reserve has reached the paid-up capital of the Company, this provision is no longer required. The Company shall appropriate or reverse special surplus reserve according to the requirements of the laws and regulations regarding the remaining earnings. The remaining balance shall be combined with the undistributed earnings for the preceding year as the earnings available for distribution, and the Board shall prepare the distribution proposal and submit the proposal to the shareholders' meeting to determine the distribution of dividends or retaining the earnings.

Given the potential growth in the operational environment, the Company shall keep abreast of the economic environment for its sustainable operations. Regarding the Company's dividend policy, the Company refers to the future and actual operations and focuses on the stability and growth of dividends. When there are accumulated earnings available for distribution, the distribution amount shall be no less than 50% of such earnings. For the dividend distributed, the part in cash shall be not less than 50%.

Article 27. The distribution of the Shareholders' dividend is based on the number of shares registered to the Shareholder in the Shareholders' registrar on the dividend record date.

Article 28. The transportation expenses of Directors, the remuneration of Independent Directors, and the salary of the Chairperson shall be determined by the Board of Directors with reference to the standards of listed companies in the same industries. Other grants for the Chairperson shall be determined with reference to the relevant requirements for the salary package of practitioners.

Chapter VI. Appendix

- Article 29. Matters not addressed in these Articles shall be handled in compliance with the requirements under the Company Act and relevant laws and regulations.
- Article 30. (Article deleted)
- Article 31. These Articles of Association were established on 21 December 1988; the 1st amendment was made on 24 January 1989; the 2nd amendment was made on 30 May 1989; the 3rd amendment was made on 11 August 1989; the 4th amendment was made on 14 October 1989; the 5th amendment was made on 23 November 1990; the 6th amendment was made on 26 December 1990; the 7th amendment was made on 19 April 1991; the 8th amendment was made on 28 December 1991; the 9th amendment was made on 11 June 1992; the 10th amendment was made on 26 May 1993; the 11th amendment was made on 28 January 1994; the 12th amendment was made on 28 May 1988; the 13th amendment was made on 24 June 1999; the 14th amendment was made on 20 June 2000; the 15th amendment was made on 8 May 2001; the 16th amendment was made on 11 June 2002; the 17th amendment was made on 12 June 2003; the 18th amendment was made on 20 June 2006; the 19th amendment was made on 23 June 2007; the 20th amendment was made on 19 June 2008; the 21st amendment was made on 16 June 2009; the 22nd amendment was made on 17 June 2010; the 23rd amendment was made on 19 June 2012; the 24th amendment was made on 10 June 2013; the 25th amendment was made on 17 June 2014; the 26th amendment was made on 12 June 2015; the 27th amendment was made on 16 June 2016; the 28th amendment was made on 14 June 2018; the 29th amendment was made on 10 June 2020.

D. List of Shareholdings of Current Directors of CSCC

China Steel Chemical Corporation Shareholding Status of Directors

(As of the book closure date for the Annual Shareholders' Meeting of the year: April 14, 2024)

Title	Name		Shares held on stop date	Shareholding ratio (%)
Chairman	Wen-Jung Hsieh	China Steel Corporation Representative	68,787,183	29.04
Director	Chao-Tung Wong			
Director	Hsi-Chin Wang			
Director	Ming-Dar Fang			
Director	Kung-Yi Ku	Representative of International CSRC Investment Holdings Co., Ltd.	11,759,096	4.96
Director	Tien-Fu Chao			
Independent Director	Hsing-Shu Hsieh		0	0
Independent Director	Yuan-Hung Wang		0	0
Independent Director	Tsun-Tsi Hsu		0	0
Number of shares held by all Directors			80,546,279	34.00
Minimum required shareholding from all Directors (Note 2)			12,000,000	

Note 1: CSCC has issued 236,904,480 ordinary shares.

Note 2: According to the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", when the paid-in capital is more than NT\$2 billion but less than NT\$4 billion, the shareholding of all Directors shall not be less than 5%. The shareholding of Independent Directors of listed companies shall be excluded from the total amount in the previous paragraph. Should two or more Independent Directors be elected, the shareholdings of all Directors other than Independent Directors calculated based on the percentage described in the previous paragraph shall be reduced to 80%. However, should the total shareholdings of all Directors or Supervisors calculated pursuant to Article 2, subparagraph 2 to Article 8 of these Rules be less than the maximum total shareholdings provided in the previous subparagraph, the maximum total shareholdings provided in the previous subparagraph shall apply.

E. Dividend Policy of CSCC

Dividend Policy of China Steel Chemical Corporation

Given the potential growth in the operational environment, the Company shall keep abreast of the economic environment for its sustainable operations. Regarding the Company's dividend policy, the Company refers to the future and actual operations and focuses on the stability and growth of dividends. When there are accumulated earnings available for distribution, the distribution amount shall be no less than 50% of such earnings. For the dividend distributed, the part in cash shall be not less than 50%.