

Stock code: 2030



彰源企業股份有限公司
FROCH ENTERPRISE CO., LTD.

2025 Annual General Meeting of Shareholders

Meeting Handbook

Physical Shareholders' Meeting Location: No. 7, Dougong 10th Road, Douliu City,
Yunlin County, Taiwan

June 16, 2025



Table of Contents

One.	Agenda of the Meeting -----	1
Two.	Reports -----	2
Three.	Ratifications-----	3
Four.	Discussions -----	4
Five.	Elections-----	4
Six.	Other Business and Special Motions -----	6
Seven.	Adjournment-----	6
Eight.	Attachments	
	Attachment 1: The 2024 Business Report-----	7
	Attachment 2: Audit Committee’s Review Report -----	11
	Attachment 3: Financial Statements and Consolidated Financial Statements ---	12
	Attachment 4: Allocation of 2024 Employee and Director Remuneration -----	32
	Attachment 5: Comparison Table of Amendments to the “Board of Directors Conference Rules” -----	34
	Attachment 6: Comparison Table of Amendments to the “Regulations for Transfer of Treasury Shares to Employees” -----	35
	Attachment 7: Execution Results of Treasury Share Buyback -----	37
	Attachment 8: Earnings Appropriation Report -----	38
	Attachment 9: Comparison Table of Amendments to the “Articles of Incorporation” -----	39
	Attachment 10: Comparison Table of Amendments to the “Procedures for Lending of Funds to Others” -----	40
	Attachment 11: Shareholdings of Directors -----	41
	Attachment 12: Impacts of the Free-Gratis Dividends Issuance on the Company’s Operating Performance, Earnings Per Share, and Shareholders’ Return on Investment -----	42
	Other Explanatory Matters-----	42
	Attachment 13: “Board of Directors Conference Rules” (Before Amendment)	43
	Attachment 14: “Regulations for Transfer of Treasury Shares to Employees” (Before Amendment) -----	47
	Attachment 15: “Articles of Incorporation” (Before Amendment) -----	49
	Attachment 16: “Procedures for Lending of Funds to Others” (Before Amendment) -----	58
	Attachment 17: “Shareholder Conference Rules”-----	63
	Attachment 18: “Rules for Election of Directors” -----	66



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One. Agenda of the Meeting

FROCH ENTERPRISE CO., LTD.

Agenda of the 2025 Annual General Meeting of Shareholders

Method of Convening: The meeting shall be held in the form of a physical shareholders' meeting.

Time: 9:00 a.m., June 16, 2025 (Monday)

Venue: No. 7, Dougong 10th Road (Douliu Industrial Park Service Center), Douliu City, Yunlin County.

Meeting procedure:

- I. Report on the number of shares represented by attending shareholders
- II. Commencement of meeting
- III. Chairperson's Opening Remarks
- IV. Reports
 1. 2024 Business Report.
 2. Audit Committee's Review Report on the Financial Statements of 2024.
 3. Report on the 2024 Employee and Director Remuneration.
 4. Report on the distribution of cash dividends for 2024.
 5. Report on the Amendments to the Company's "Board of Director Conference Rules"
 6. Report on the Amendments to the Company's "Regulations for Transfer of Treasury Shares to Employees."
 7. Report on the Company's Execution Results of Treasury Share Buyback.
- V. Ratifications
 1. Ratification of the 2024 annual business report and year-end accounts.
 2. Ratification of the Company's 2024 earnings appropriation.
- VI. Discussions:
 1. Discussion on the amendments to the Company's "Articles of Incorporation."
 2. Discussion on the amendments to the Company's "Procedures for Lending of Funds to Others."
- VII. Elections
 1. Re-election of the 16th Term of Directors and Independent Directors.
- VIII. Other Business and Special Motions
- IX. Adjournment

Two. Reports

Motion 1

Subject: Report on 2024 business performance; as presented.

Explanatory Notes: Please refer to Appendix I of this handbook for the business report.

Motion 2

Subject: Audit Committee's review of the 2024 year-end accounts, as presented.

Explanatory Notes: Please refer to Attachment II of this handbook for the Audit Committee's Review Report.

Motion 3

Subject: 2024 Employee and Director Remuneration.

Explanatory Notes: Please refer Attachment IV of this manual for the 2024 Employee and Director Remuneration.

Motion 4

Subject: Proposal of 2024 distribution of cash dividends from earnings.

Explanatory Notes:

1. In accordance with Article 38-1 of the Articles of Incorporation, the Board of Directors is authorized to resolve to distribute all or part of the dividends and bonuses that should be distributed in cash, and report to the shareholders' meeting.
2. Propose to distribute cash dividend of NT\$0.70 per share, totaling NT\$196,368,219. The Board will be authorized to set the base date of cash dividend distribution and other related matters after the shareholders' meeting. On the distribution date of cash dividends (rounded down to the nearest NTD), all fractions less than NTD 1 are recognized as other income of the Company.
3. If the change in the Company's shareholding affects the total number of outstanding shares of the Company, it is proposed that the shareholders' meeting authorizes the Board of Directors to adjust the dividend distribution ratio based on the total amount of earnings to be distributed divided by the number of outstanding shares of the Company on the base date of dividend distribution.

Motion 5

Subject: Proposal for Amendments to the Company's "Board of Director Conference

Rules.”

Explanatory Notes: For Comparison Table of Amendments to the “Board of Director Conference Rules” of the Company, please refer to Attachment 5 of this Handbook.

Motion 6

Subject: Proposal for Amendments to the Company’s “Regulations for Transfer of Treasury Shares to Employees.”

Explanatory Notes: For Comparison Table of Amendments to the “Regulations for Transfer of Treasury Shares to Employees” of the Company, please refer to Attachment 6 of this Handbook.

Motion 7

Subject: Report on the Company’s Execution Results of Treasury Share Buyback.

Explanatory Notes: Please refer to Attachment 7 of this handbook for information on the Company’s “Execution Results of Treasury Share Buyback.”

Three. Ratifications

Motion 1 (proposed by the board of directors)

Subject: Ratification of 2024 business report and year-end accounts, as presented

Explanatory Notes:

1. The Company’s final accounting statements for 2024, including the business report, individual financial statements and consolidated financial statements, have been prepared, audited by the CPAs, reviewed by the Audit Committee and presented to the shareholders’ meeting for ratification.
2. Please refer to Attachments 1, 2 and 3 of this handbook for the business report, the Audit Committee’s review report and the above-mentioned financial statements.

Resolution:

Motion 2

Subject: Ratification of the Company’s 2024 earnings appropriation, as presented.

Explanatory Notes: Please refer to Attachment 8 of this handbook for the Company’s 2024 earnings distribution table.

Resolution:

Four. Discussions

Motion 1 (proposed by the board of directors)

Subject: Approval of amendments to the Company's "Articles of Incorporation."

Explanatory Notes: For Comparison Table of Amendments to the "Articles of Incorporation" of the Company, please refer to Attachment 9 of this Handbook.

Resolution:

Motion 2 (proposed by the Board of Directors)

Subject: Proposal for Amendments to the Company's "Procedures for Lending of Funds to Others."

Explanatory Notes: For Comparison Table of Amendments to the "Procedures for Lending of Funds to Others" of the Company, please refer to Attachment 10 of this Handbook.

Resolution:

Five. Elections

Motion 1 (proposed by the board of directors)

Subject: The term of office for the Company's 15th-term Directors and Independent Directors is about to expire. It is proposed that a re-election be conducted in accordance with the law and submitted for discussion.

Explanatory Notes:

1. The current Directors and Independent Directors were elected at the Annual General Meeting of Shareholders held on June 21, 2022, for a term of three years, which will expire on June 20, 2025. A re-election is proposed to be conducted in accordance with the law.
2. Pursuant to the Company's Articles of Incorporation, the Company shall have seven to nine Directors. In accordance with the Articles of Incorporation, it is proposed that nine Directors (including four Independent Directors) be elected for this 16th-term election.
3. The term of office for the elected 16th-term Directors and Independent Directors shall be from June 16, 2025, to June 15, 2028, for a period of three years. Re-election is permitted.
4. The election of Directors and Independent Directors shall adopt a candidate nomination system. The list of nominated Director and Independent Director candidates was reviewed and approved by the Board of Directors on March 12, 2025. The list is as follows.

5. This election shall be conducted in accordance with the Company's "Rules for Election of Directors" Please refer to Attachment 18 of this Handbook.

Candidate Categories	Name	Education (Experience) Background	Current position	Name of government agency or legal entity represented	Reason for nominating an independent director for more than three consecutive terms
Director	Ping-Yao Chang	Pacific Western University/ Froch Enterprise Co., Ltd. - Chairman	Froch Enterprise Co., Ltd. Chairman	No	Not applicable
Director	Hsin-Ta Chang	Graduate of the University of Denver, USA. Department of International Business/ Froch Enterprise Co., Ltd. Executive Vice Chairman	Froch Enterprise Co., Ltd. Executive Vice Chairman	No	Not applicable
Director	Chao-Chi Yang	Graduated from the Department of Chemical Engineering, Chinese Culture University/ Froch Enterprise Co., Ltd. – General Manager of Procurement Division	Froch Enterprise Co., Ltd. – Director/ General Manager of Procurement Division	No	Not applicable
Director	Chun-Chi Lee	Graduated from Colorado State University- Master's Degree in Finance / Froch Enterprise Co., Ltd. Senior General Manager of Export Department	Froch Enterprise Co., Ltd. Director/ Senior General Manager of Export Department	No	Not applicable
Director	Ching-Yang Juan	Graduated from Tung Hai University- Master's Degree in Public Affairs/ Chief of Department of Substance Control and Prevention, Kaohsiung City Government/ Froch Enterprise Co., Ltd. Representative of a Corporate Director	Froch Enterprise Co., Ltd. Representative of a Corporate Director	Shin Chieh Shin Co., Ltd.	Not applicable
Independent Director	Shun-Te Wen	Graduated from Master of Business Administration, National Chung Cheng University/ Chief of Fengyuan Branch, National Taxation Bureau of the Central Area/ Froch Enterprise Co., Ltd. Independent Director	Froch Enterprise Co., Ltd. Independent Director/ Longchen Paper & Packaging Co., Ltd. Independent Director	No	Mr. Shun-Te Wen, the nominated Independent Director, has served as the Company's Independent Director for more than three consecutive terms. In accordance with Article 5 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," the reasons for the continued nomination of Mr. Wen by this Committee are as follows: Mr. Shun-Te Wen, the nominated Independent Director, possesses extensive professional knowledge and industry experience, and is able to provide valuable advice to the Company. Although he has served three consecutive terms as the Company's Independent Director, the Company still relies on his expertise. Beyond fulfilling the responsibilities of an Independent Director, he is able to leverage his expertise to provide professional oversight and advice to the Board of Directors. Therefore, he is

					nominated again in this election to serve as the Company's Independent Director.
Independent Director	Ying-Fang Lee	Graduated from Master of Business Administration, National Chung Cheng University Director of Huwei Office, National Taxation Bureau of the Central Area, Ministry of Finance/ Froch Enterprise Co., Ltd. Independent Director	Froch Enterprise Co., Ltd. Independent Director	No	No
Independent Director	Shu-Fu Wang	Graduated from Accounting Department, Feng Chia University / Section Chief of the National Taxation Bureau of the Central Area, Ministry of Finance/ Froch Enterprise Co., Ltd. Independent Director	Froch Enterprise Co., Ltd. Independent Director	No	No
Independent Director	Huei-Guei Chen	Graduated from Economics Department, Feng Chia University/ Manager of Huwei Branch, Land Bank of Taiwan/ Froch Enterprise Co., Ltd. Independent Director	Froch Enterprise Co., Ltd. Independent Director	No	No

Resolution:

Six. Business and Special Motions

Seven. Adjournment

Eight. Attachments

Attachment 1

2024 Business Report

The Company is primarily engaged in the specialized manufacturing and sales of stainless steel pipes and stainless steel coils. In 2024, the sales volume of stainless steel pipes was 76,638 metric tons, representing a 6% increase compared to the previous year. The sales volume of stainless steel coils in 2024 was 30,087 metric tons, an increase of 7% compared to the previous year. In terms of sales distribution, domestic sales accounted for 56% and export sales accounted for 44%, with exports mainly to the Americas, Europe and Asia. The Company has long focused on sales development by diversifying markets and customers to mitigate risks.

Nickel prices in 2024 ranged between US\$15,000 and US\$18,000 per metric ton. During the year, prices spiked to US\$21,000 per metric ton due to riots in nickel mining regions, then reversed from the peak to US\$16,000 per metric ton and stabilized around US\$15,500 per metric ton. The global market overall remained weak; however, despite some fluctuations, prices were relatively stable. In summary, compared to 2023, nickel prices in 2024 were lower overall. As the decline in price outweighed the increase in sales volume, operating revenue decreased by 2.35%. The gross profit margin also increased from 7% in 2023 to 11% in 2024. The 2024 business results and the 2025 business outlook are reported as follows:

I. 2024 Business Results

(I) Business plan implementation results

Unit: NTD thousands

Item	Actual Performance in 2024	Actual Performance in 2023	Comparison of actual performance	Growth rate %
Stainless steel pipe	6,822,837	6,909,518	(86,681)	(1.25)
Stainless steel coils	2,191,627	2,267,854	(76,227)	(3.36)
Others	27,768	82,222	(54,454)	(66.23)
Operating amount	9,042,232	9,259,594	(217,362)	(2.35)

(II) Budget implementation

Unit: Metric tons

Item	Actual Performance in 2024	Projection for 2024	Growth rate %
Stainless steel pipe	76,638	84,000	(16.79)
Stainless steel coils	30,087	36,000	(27.85)
Sale weight	106,725	120,000	(20.31)

(III) Profitability analysis

Item	2024	2023
Operating profit to paid-in capital (%)	11.22	7.00
Ratio of Pre-Tax Net Profit to Paid-in Capital (%)	10.35	2.96
Return on assets (%)	3.03	1.30
Return on shareholders' equity (%)	4.77	1.01
Net profit margin (%)	2.61	0.55
Earnings per share (NTD)	0.84	0.18

(IV) Income and expenses

Unit: NTD thousands

Item	2024	2023	Changed amount	Note
Net cash inflow (outflow) from operating activities	440,993	41,018	399,975	I.
Net cash inflows (outflows) from investing activities	(410,981)	(365,851)	45,130	II.
Net cash inflow (outflow) from financing activities	(127,096)	270,520	397,616	III.

Note 1: The increase in net cash inflow from operating activities was primarily due to higher pre-tax profit for the period and increased inventory sales.

Note 2: The increase in net cash outflow from investing activities was mainly due to capital investment in subsidiaries during the period.

Note 3: The increase in net cash outflow from financing activities was primarily due to increased repayments of long-term bank borrowings and the repurchase of treasury shares.

(V) Research and development

The Company's research and development is mainly based on process development, product quality improvement, personnel technology improvement and new product development. In terms of process development and improvement, we introduce domestic and foreign advanced equipment and molds, or design advanced process equipment and molds to improve production technology, capacity and product quality.

In terms of product quality improvement, we actively introduce and authenticate various quality assurance management systems, and conduct industry-academia research and development, and actively introduce smart devices to improve product quality. In terms of personnel skills, employees participate in related seminars at home and abroad, and domestic and foreign experts are often hired for training in order to upgrade employees' professional knowledge and technical standards. In terms of new product development, the Company actively conducts various market surveys, introduces domestic and foreign advanced equipment and molds, recruits professional talents for research and development, actively trains existing researchers, and actively develops new products.

In addition to being certified in 1993 and 1999 by Lloyd's Register Quality Assurance (LRQA) for ISO-14001 and by TÜV Rheinland (Germany) for ISO-9001, the Company's Quality Assurance Laboratory was accredited in 2001 by the Chinese National Laboratory Accreditation (CNLA) system, which was renamed in 2004 as the Taiwan Accreditation Foundation (TAF) registered laboratory. The Company led the industry by providing professional X-RAY inspection reports for large-diameter weld seams, becoming a domestic industry leader. In 2009, the Company obtained Japanese Industrial Standards (JIS) product certification. In 2012, it received approval for pressure piping components, and in 2024, obtained multiple certificates from TÜV Rheinland. A wide range of impartial third-party certifications ensures that the Company's products meet regulatory requirements and facilitates market development.○○○

II. Summary of the 2025 Business Plan

(I) Operational guidelines and strategies

1. Sales plan:

(1) Increase sales of stainless steel pipes

Continue to develop high value-added products, and continue to expand product categories to increase sales.

- (2) Actively expand the export market and strive for major domestic investment orders, improve customer loyalty, and diversify the market so as not to be affected by the prosperity of one single industry and one market.
2. Production plan:
 - (1) Expand product offerings and continue to bring them into full play.
The Company specializes in the production of stainless steel pipes and has expanded the product items to expand the coverage of customer needs.
 - (2) Reduction of costs and expenses
The Company will focus on the improvement of manufacturing processes, and actively control the unit cost of related equipment and auxiliary materials, to further increase the inventory turnover rate and reduce the capital cost caused by inventory backlog.
3. Financial structure plan:
Apart from focusing on the operation of the core business, the Company is expected to revitalize the use of assets, which is conducive to the increase of revenue, reduce the interest burden, and improve the financial structure.

(II) Expected sales volume and basis

1. The Company's sales forecast for 2025 is as follows:

Unit: Metric tons

Item \ Year	Estimated Sales Volume for 2025
Stainless steel pipe	84,000
Stainless steel coils	36,000
Total	120,000

2. Basis:

At the beginning of 2025, the newly inaugurated President of the United States adopted a more aggressive tariff protection policy, creating uncertainty that may impact international competitiveness. The Russia-Ukraine war is expected to cease and future infrastructure and housing reconstruction in Ukraine will generate significant demand for steel. However, it remains uncertain whether China, the largest global supplier of stainless steel, can rectify its domestic supply-demand imbalance and successfully stimulate internal demand. Overall, competing positive and negative forces continue to influence the international economic landscape. In view of the above, under the circumstances of stabilizing nickel prices in 2025 and stable stainless steel prices, the Company has a high degree of control over inventory and product selling prices. The Company is cautiously optimistic about its operations and will continue to develop high value-added products to strengthen its competition and increase profitability.

The core competitiveness of the Company lies in the R&D of manufacturing processes, which leads its peers in the industry. The development of high value-added products such as online polishing and online heat treatment of round and square pipes has been quite successful. For the products, the Company has the most complete range

of products to meet the diversified needs of customers, and one-stop purchase from FROCH ENTERPRISE. Our sales channels are distributed across the world, with thousands of domestic customers and a presence in over 100 countries. The market is quite fragmented, which is conducive to competition. The impact of the legal and overall business environment is relatively reduced and not significant.

(III) Major production and sale policies:

In 2025, the Company will continue to strengthen inventory management, increase inventory turnover, reduce production costs and expenses, and improve the competitiveness of the Company's products and increase market share by coordinating production and sales.

III. Effects of the external competitive environment, regulatory environment and overall business environment:

- (I) The promotion of public construction and major private investment have an impact on the development of the stainless steel industry.
- (II) The ups and downs of the overall economic environment will affect the demand for the stainless steel industry.
- (III) The level of impact on the regulatory environment is relatively low and the impact is not material.

Attachment 2

FROCH ENTERPRISE CO., LTD.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2024 business report, financial statements (including individual company and consolidated financial statements), and earnings distribution proposal, of which the financial statements (including individual company and consolidated financial statements) have been commissioned to Deloitte Taiwan to CPAs Jui-Lung Hsu and Shao-Chun Wu to perform the audit which has been completed and they have issued an audit report with unmodified opinions. The above-mentioned business report, financial statements and earnings distribution proposal have been reviewed by the Audit Committee and are compliant with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Hereby presented for approval.

2025 Annual General Meeting of Shareholders of the Company

Froch Enterprise Co., Ltd.

Audit Committee Convener

March 12, 2025

Attachment 3:

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Froch Enterprise Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Froch Enterprise Co., Ltd. (the “Company”), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the “parent company only financial statements”).

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, 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.

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 Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the audit of the Company's financial statements as of and for the year ended December 31, 2024 is as follows:

Revenue Recognition

The Company's export sales revenue is affected by the distance or convenience of connection with its customers, which makes the relevant revenue recognition procedures more complicated. A significant portion of export sales to customers for the year ended December 31, 2024, increased significantly compared to the previous year; therefore, we identified recognition of sales revenue as a key audit matter. Refer to Notes 4 and 17.

Our audit procedures performed in respect of revenue recognition included the following:

1. We obtained an understanding of the internal controls, evaluated the design, tested the continuous effectiveness of the implementation of internal controls related to the recognition of sales revenue and the operating procedures of sales collection during the year.
2. We obtained and selected samples of the export sales revenue receipts, vouched the documents to sales order and delivery of goods related to sales revenue and verified the occurrence of the sales revenue.

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

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the 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 parent company only financial statements for the year ended December 31, 2024 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 Jui-Lung Hsu and Shao-Chun Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2025

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.

FROCH ENTERPRISE CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

	2024		2023	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 286,493	2	\$ 378,112	3
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	17,846	-	22,637	-
Notes receivable (Notes 4, 8, 17 and 23)	130,251	1	161,168	2
Trade receivables from unrelated parties (Notes 4, 8, 17 and 23)	654,546	6	784,532	7
Other receivables (Note 23)	31,340	-	53,740	1
Inventories (Notes 4 and 9)	3,178,149	27	3,083,313	27
Prepayments	190,894	2	143,500	1
Other current assets	1,762	-	1,756	-
Total current assets	4,491,281	38	4,628,758	41
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 10)	3,724,542	32	3,267,609	29
Property, plant and equipment (Notes 4, 11 and 24)	3,337,336	29	3,235,851	29
Right-of-use assets (Notes 4, 12 and 23)	109,520	1	63,314	1
Deferred tax assets (Notes 4 and 19)	9,709	-	13,681	-
Prepayments for equipment	9,472	-	62,446	-
Refundable deposits (Note 23)	15,177	-	15,177	-
Total non-current assets	7,205,756	62	6,658,078	59
TOTAL	\$ 11,697,037	100	\$ 11,286,836	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 13)	\$ 2,411,225	21	\$ 2,272,370	20
Contract liabilities - current (Notes 4 and 17)	144,897	1	115,022	1
Notes payable (Note 23)	7,467	-	27,727	-
Trade payables (Note 23)	6,116	-	17,930	-
Other payables (Notes 14 and 23)	169,452	1	150,381	1
Current tax liabilities (Notes 4 and 19)	33,956	-	39,191	1
Lease liabilities - current (Notes 4, 12 and 23)	56,918	1	37,538	-
Current portion of long-term borrowings (Notes 13 and 24)	554,139	5	92,069	1
Other current liabilities	2,513	-	2,275	-
Total current liabilities	3,386,683	29	2,754,503	24
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 13 and 24)	2,852,992	24	3,345,078	30
Deferred tax liabilities (Notes 4 and 19)	329,523	3	318,435	3
Lease liabilities - non-current (Notes 4, 12 and 23)	53,628	1	26,288	-
Net defined benefit liabilities - non-current (Notes 4 and 15)	1,529	-	17,414	-
Guarantee deposits (Note 23)	4,990	-	4,990	-
Total non-current liabilities	3,242,662	28	3,712,205	33
Total liabilities	6,629,345	57	6,466,708	57
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	2,805,260	24	2,805,260	25
Capital surplus	463,471	4	463,471	4
Retained earnings				
Legal reserve	409,547	3	404,189	4
Special reserve	208,046	2	170,026	2
Unappropriated earnings	1,248,490	11	1,185,228	10
Other equity	(26,785)	-	(208,046)	(2)
Treasury shares	(40,337)	(1)	-	-
Total equity	5,067,692	43	4,820,128	43
TOTAL	\$ 11,697,037	100	\$ 11,286,836	100

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

FROCH ENTERPRISE CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 17 and 23)	\$ 9,042,232	100	\$ 9,259,594	100
OPERATING COSTS (Notes 9, 18 and 23)	<u>8,127,343</u>	<u>90</u>	<u>8,575,068</u>	<u>93</u>
GROSS PROFIT	<u>914,889</u>	<u>10</u>	<u>684,526</u>	<u>7</u>
OPERATING EXPENSES (Notes 8, 18 and 23)				
Selling and marketing expenses	447,203	5	351,201	4
General and administrative expenses	<u>152,951</u>	<u>2</u>	<u>137,011</u>	<u>1</u>
Total operating expenses	<u>600,154</u>	<u>7</u>	<u>488,212</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>314,735</u>	<u>3</u>	<u>196,314</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	3,890	-	4,511	-
Other income (Notes 18 and 23)	29,630	-	18,504	-
Other gains and losses (Note 18)	48,189	1	14,679	-
Finance costs (Notes 18 and 23)	(140,629)	(1)	(119,666)	(1)
Share of profit or loss of subsidiaries accounted for using the equity method (Notes 4 and 10)	<u>34,658</u>	<u>-</u>	<u>(31,291)</u>	<u>-</u>
Total non-operating income	<u>(24,262)</u>	<u>-</u>	<u>(113,263)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	290,473	3	83,051	1
INCOME TAX EXPENSE (Notes 4 and 19)	<u>54,646</u>	<u>-</u>	<u>32,101</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>235,827</u>	<u>3</u>	<u>50,950</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 15)	13,845	-	3,290	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 19)	(2,769)	-	(658)	-

(Continued)

FROCH ENTERPRISE CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 181,261	2	\$ (38,020)	-
Other comprehensive income (loss) for the year, net of income tax	192,337	2	(35,388)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 428,164	5	\$ 15,562	-
EARNINGS PER SHARE (Note 20)				
Basic	\$ 0.84		\$ 0.18	
Diluted	\$ 0.84		\$ 0.18	

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

(Concluded)

FROCH ENTERPRISE CO., LTD.

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)**

			Retained Earnings (Note 16)			Other Equity Exchange Differences on Translation of the Financial Statements of	Treasury Shares (Note 16)	Total Equity
	Ordinary Shares (Note 16)	Capital Surplus (Note 16)	Legal Reserve	Special Reserve	Unappropri- ate d Earnings	Foreign Operations		
BALANCE AT JANUARY 1, 2023	\$ 2,805,260	\$ 463,471	\$ 329,028	\$ 249,968	\$ 1,547,654	\$ (170,026)	\$ -	\$ 5,225,355
Appropriation of 2022 earnings								
Legal reserve	-	-	75,161	-	(75,161)	-	-	-
Special reserve	-	-	-	(79,942)	79,942	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(420,789)	-	-	(420,789)
Net profit for the year ended December 31, 2023	-	-	-	-	50,950	-	-	50,950
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	2,632	(38,020)	-	(35,388)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	53,582	(38,020)	-	15,562
BALANCE AT DECEMBER 31, 2023	2,805,260	463,471	404,189	170,026	1,185,228	(208,046)	-	4,820,128
Appropriation of 2023 earnings								
Legal reserve	-	-	5,358	-	(5,358)	-	-	-
Special reserve	-	-	-	38,020	(38,020)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(140,263)	-	-	(140,263)
Purchase of treasury shares	-	-	-	-	-	-	(40,337)	(40,337)
Net profit for the year ended December 31, 2024	-	-	-	-	235,827	-	-	235,827
Other comprehensive income for the year ended December 31, 2024, net of income tax	-	-	-	-	11,076	181,261	-	192,337
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	246,903	181,261	-	428,164
BALANCE AT DECEMBER 31, 2024	\$ 2,805,260	\$ 463,471	\$ 409,547	\$ 208,046	\$ 1,248,490	\$ (26,785)	\$ (40,337)	\$ 5,067,692

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

FROCH ENTERPRISE CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 290,473	\$ 83,051
Adjustments for:		
Depreciation expense	184,073	173,192
Expected credit reversed on trade receivables	(1,808)	(2,605)
Net gain on fair value changes of financial assets at fair value through profit or loss	(1,833)	(1,407)
Finance costs	140,629	119,666
Interest income	(3,890)	(4,511)
Share of profit or loss of subsidiaries	(34,658)	31,291
Gain on disposal of property, plant and equipment	(167)	(5,947)
Reversal of write-down of inventories	(1,422)	(10,164)
Net loss (gain) on foreign currency exchange	(22,014)	16,802
Changes in operating assets and liabilities		
Notes receivable	32,545	38,531
Trade receivables	147,600	(101,910)
Other receivables	21,940	(23,864)
Inventories	(93,414)	223,684
Prepayments	(47,394)	(84,871)
Other current assets	(6)	(1,556)
Contract liabilities	29,875	(48,644)
Notes payable	(20,260)	3,146
Trade payables	(12,237)	1,864
Other payables	18,908	(26,314)
Other current liabilities	238	196
Net defined benefit liabilities	(2,040)	(5,716)
Cash generated from operations	625,138	373,914
Interest received	3,890	4,511
Interest paid	(140,446)	(118,996)
Income tax paid	(47,590)	(218,411)
Net cash generated from operating activities	<u>440,992</u>	<u>41,018</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	(14,070)	(14,069)
Proceeds from sale of financial assets at fair value through profit or loss	20,694	15,215
Net cash outflow on acquisition of subsidiary	(241,014)	(236,428)
Payments for property, plant and equipment	(176,215)	(148,146)
Proceeds from disposal of property, plant and equipment	1,131	19,937
Increase in refundable deposits	-	(111)
Increase in prepayments for equipment	(1,508)	(2,249)
Net cash used in investing activities	<u>(410,982)</u>	<u>(365,851)</u>

(Continued)

FROCH ENTERPRISE CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of (proceeds from) short-term borrowings	\$ 138,855	\$ (304,735)
Proceeds from long-term borrowings	99,650	2,547,650
Repayments of long-term borrowings	(129,666)	(1,504,408)
Repayment of the principal portion of lease liabilities	(55,334)	(47,198)
Dividends paid to owners of the Company	(140,263)	(420,789)
Purchase of treasury shares	<u>(40,337)</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>(127,095)</u>	<u>270,520</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>5,466</u>	<u>(5,352)</u>
NET DECREASE IN CASH	(91,619)	(59,665)
CASH AT THE BEGINNING OF THE YEAR	<u>378,112</u>	<u>437,777</u>
CASH AT THE END OF THE YEAR	<u>\$ 286,493</u>	<u>\$ 378,112</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Froch Enterprise Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Froch Enterprise Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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 Group as of December 31, 2024 and 2023, 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 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 Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. 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.

The key audit matter identified in the audit of the Group’s consolidated financial statements as of

and for the year ended December 31, 2024 is as follows:

Revenue Recognition

The Group's export sales revenue is affected by the distance or convenience of connection with its customers, which makes the relevant revenue recognition procedures more complicated. A significant portion of export sales to customers for the year ended December 31, 2024, increased significantly compared to the previous year; therefore, we identified recognition of sales revenue as a key audit matter. Refer to Notes 4 and 17.

Our audit procedures performed in respect of revenue recognition included the following:

1. We obtained an understanding of the internal controls, evaluated the design, tested the continuous effectiveness of the implementation of internal controls related to the recognition of sales revenue and the operating procedures of sales collection during the year.
2. We obtained and selected samples of the export sales revenue receipts, vouched the documents to sales order and delivery of goods related to sales revenue and verified the occurrence of the sales revenue.

Other Matter

We have also audited the parent company only financial statements of Froch Enterprise Co., Ltd. as of and for the years ended December 31, 2024 and 2023 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's 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 Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our 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, 2024 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 Jui-Lung Hsu and Shao-Chun Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2025

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.

FROCH ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 1,215,975	10	\$ 1,335,926	11
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	17,846	-	22,637	-
Notes receivable (Notes 4, 8 17 and 23)	431,947	4	346,460	3
Trade receivables (Notes 4, 8, 17 and 23)	800,964	7	869,945	8
Other receivables (Notes 4 and 23)	31,670	-	36,128	-
Current tax assets (Notes 4 and 19)	-	-	1,364	-
Inventories (Notes 4 and 9)	4,220,489	35	4,127,291	35
Prepayments	295,749	2	218,406	2
Current financial assets (Notes 4 and 6)	16,948	-	15,439	-
Other current assets (Note 24)	1,762	-	1,756	-
Total current assets	7,033,350	58	6,975,352	59
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4, 11 and 24)	4,883,032	41	4,705,374	39
Right-of-use assets (Notes 4, 12 and 23)	132,864	1	87,259	1
Deferred tax assets (Notes 4 and 19)	9,709	-	13,681	-
Prepayments for equipment	14,147	-	78,892	1
Refundable deposits (Note 23)	17,006	-	16,825	-
Total non-current assets	5,056,758	42	4,902,031	41
TOTAL	\$ 12,090,108	100	\$ 11,877,383	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note13)	\$ 2,664,350	22	\$ 2,723,232	23
Contract liabilities - current (Notes 4 and 17)	201,050	2	204,136	2
Notes payable (Note 23)	7,467	-	27,727	-
Trade payables	10,896	-	13,623	-
Other payables (Notes 14 and 23)	231,967	2	189,406	2
Current tax liabilities (Notes 4 and 19)	39,709	-	41,647	-
Lease liabilities - current (Notes 4, 12 and 23)	58,627	-	39,635	-
Current portion of long-term borrowings (Notes 13 and 24)	554,139	5	92,069	1
Other current liabilities	2,515	-	2,603	-
Total current liabilities	3,770,720	31	3,334,078	28
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 13 and 24)	2,852,992	24	3,345,078	28
Deferred tax liabilities (Notes 4 and 19)	329,523	3	318,435	3
Lease liabilities - non-current (Notes 4, 12 and 23)	54,151	-	27,449	-
Net defined benefit liabilities - non-current (Notes 4 and 15)	1,529	-	17,414	-
Guarantee deposits (Note 23)	13,501	-	14,801	-
Total non-current liabilities	3,251,696	27	3,723,177	31
Total liabilities	7,022,416	58	7,057,255	59
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	2,805,260	23	2,805,260	24
Capital surplus	463,471	4	463,471	4
Retained earnings				
Legal reserve	409,547	3	404,189	3
Special reserve	208,046	2	170,026	2
Unappropriated earnings	1,248,490	10	1,185,228	10
Other equity	(26,785)	-	(208,046)	(2)
Treasury shares	(40,337)	-	-	-
Total equity	5,067,692	42	4,820,128	41
TOTAL	\$ 12,090,108	100	\$ 11,877,383	100

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

FROCH ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 17 and 23)	\$ 12,398,284	100	\$ 12,856,899	100
OPERATING COSTS (Notes 9, 18 and 23)	<u>11,191,170</u>	<u>90</u>	<u>11,919,820</u>	<u>93</u>
GROSS PROFIT	<u>1,207,114</u>	<u>10</u>	<u>937,079</u>	<u>7</u>
OPERATING EXPENSES (Notes 8, 18 and 23)				
Selling and marketing expenses	583,470	4	480,432	4
General and administrative expenses	<u>218,533</u>	<u>2</u>	<u>206,168</u>	<u>1</u>
Total operating expenses	<u>802,003</u>	<u>6</u>	<u>686,600</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>405,111</u>	<u>4</u>	<u>250,479</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	6,929	-	7,313	-
Other income (Notes 18 and 23)	36,032	-	22,991	-
Other gains and losses (Note 18)	21,830	-	(27,159)	-
Finance costs (Notes 18 and 23)	<u>(158,411)</u>	<u>(1)</u>	<u>(160,086)</u>	<u>(1)</u>
Total non-operating expenses	<u>(93,620)</u>	<u>(1)</u>	<u>(156,941)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	311,491	3	93,538	1
INCOME TAX EXPENSE (Notes 4 and 19)	<u>75,664</u>	<u>1</u>	<u>42,588</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>235,827</u>	<u>2</u>	<u>50,950</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 15)	13,845	-	3,290	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 19)	(2,769)	-	(658)	-

(Continued)

FROCH ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 181,261	1	\$ (38,020)	-
Other comprehensive income (loss) for the year, net of income tax	\$ 192,337	1	(35,388)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 428,164	3	\$ 15,562	-
EARNINGS PER SHARE (Note 20)				
Basic	\$ 0.84		\$ 0.18	
Diluted	\$ 0.84		\$ 0.18	

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

(Concluded)

FROCH ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

			Retained Earnings (Note 16)			Other Equity Exchange Differences on Translating the Financial Statements of	Treasury Shares (Note 16)	Total Equity
	Ordinary Shares (Note 16)	Capital Surplus (Note 16)	Legal Reserve	Special Reserve	Unappropriate d Earnings	Foreign Operations		
BALANCE AT JANUARY 1, 2023	\$ 2,805,260	\$ 463,471	\$ 329,028	\$ 249,968	\$ 1,547,654	\$ (170,026)	\$ -	\$ 5,225,355
Appropriation of 2022 earnings								
Legal reserve	-	-	75,161	-	(75,161)	-	-	-
Special reserve	-	-	-	(79,942)	79,942	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(420,789)	-	-	(420,789)
Net profit for the year ended December 31, 2023	-	-	-	-	50,950	-	-	50,950
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	2,632	(38,020)	-	(35,388)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	53,582	(38,020)	-	15,562
BALANCE AT DECEMBER 31, 2023	2,805,260	463,471	404,189	170,026	1,185,228	(208,046)	-	4,820,128
Appropriation of 2023 earnings								
Legal reserve	-	-	5,358	-	(5,358)	-	-	-
Special reserve	-	-	-	38,020	(38,020)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(140,263)	-	-	(140,263)
Purchase of treasury shares	-	-	-	-	-	-	(40,337)	(40,337)
Net profit for the year ended December 31, 2024	-	-	-	-	235,827	-	-	235,827
Other comprehensive income for the year ended December 31, 2024, net of income tax	-	-	-	-	11,076	181,261	-	192,337
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	246,903	181,261	-	428,164
BALANCE AT DECEMBER 31, 2024	\$ 2,805,260	\$ 463,471	\$ 409,547	\$ 208,046	\$ 1,248,490	\$ (26,785)	\$ (40,337)	\$ 5,067,692

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche audit report dated March 12, 2025)

FROCH ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 311,491	\$ 93,538
Adjustments for:		
Depreciation expense	287,365	283,719
Expected credit reversed on trade receivables	(2,308)	(926)
Net gain on fair value changes of financial assets at fair value through profit or loss	(1,833)	(1,407)
Finance costs	158,411	160,086
Interest income	(6,929)	(7,313)
Gain on disposal of property, plant and equipment	(492)	(5,894)
Reversal of (write-down of) inventories	1,051	(7,545)
Net loss (gain) on foreign currency exchange	(22,236)	38,366
Gain on lease modification	(170)	(677)
Changes in operating assets and liabilities		
Notes receivable	(69,175)	70,786
Trade receivables	94,071	(80,407)
Other receivables	4,528	(7,754)
Inventories	(24,984)	593,359
Prepayments	(71,695)	(50,377)
Other current assets	(6)	(1,556)
Contract liabilities	(8,336)	(73,892)
Notes payable	(20,260)	3,146
Trade payables	(3,449)	(6,299)
Other payables	30,153	(33,102)
Other current liabilities	(88)	(1,816)
Net defined benefit liabilities	(2,040)	(5,716)
Cash generated from operations	653,069	958,319
Interest received	6,929	7,313
Interest paid	(158,296)	(161,739)
Income tax paid	(64,178)	(229,779)
Net cash generated from operating activities	<u>437,524</u>	<u>574,114</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	(14,070)	(14,069)
Proceeds from sale of financial assets at fair value through profit or loss	20,694	15,215
Payments for property, plant and equipment	(268,146)	(400,907)
Proceeds from disposal of property, plant and equipment	1,534	20,312
Increase in refundable deposits	(68)	(94)
Increase in other financial assets	(455)	(9)
Decrease (increase) in prepayments for equipment	<u>11,113</u>	<u>(635)</u>
Net cash used in investing activities	<u>(249,398)</u>	<u>(380,187)</u>

(Continued)

FROCH ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	\$ (79,877)	\$ (654,671)
Proceeds from long-term borrowings	99,650	2,547,650
Repayments of long-term borrowings	(129,666)	(1,504,408)
Refund of guarantee deposits received	(1,300)	(5,996)
Repayment of the principal portion of lease liabilities	(57,790)	(49,620)
Dividends paid to owners of the Company	(140,263)	(420,789)
Purchase of treasury shares	<u>(40,337)</u>	<u>-</u>
Net cash used in financing activities	<u>(349,583)</u>	<u>(87,834)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>41,506</u>	<u>(42,309)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(119,951)	63,784
CASH AT THE BEGINNING OF THE YEAR	<u>1,335,926</u>	<u>1,272,142</u>
CASH AT THE END OF THE YEAR	<u>\$ 1,215,975</u>	<u>\$ 1,335,926</u>

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

Attachment 4

FROCH ENTERPRISE CO., LTD.

Remuneration of Employees and Directors in 2024

1. The remuneration to employees and directors as set forth in the Company's Articles of Incorporation has been resolved by the directors and the shareholders' meeting:

If the Company makes a profit in the year, it shall set aside 1% of the profit as employee remuneration, which shall be distributed in shares or cash approved by the resolution of the board of directors. The distribution includes employees of the subordinate company who meet certain criteria. The Company's Board may resolve to appropriate no more than 3% of the aforementioned amount as directors' remuneration. The proposal for the distribution of employees' and directors' remuneration shall be submitted to the shareholders' meeting for reporting. However, if the Company still has accumulated losses, the Company shall reserve an amount to make up for it, and then provide employees' remuneration and directors' remuneration in accordance with the aforementioned percentages.

If there are earnings in the annual final accounting, the Company shall pay taxes and make up for the accumulated losses. Then, the Company shall set aside 10% of the earnings as a legal reserve. However, if the legal reserve reaches the amount of the Company's paid-in capital, such appropriation may be omitted. The remaining amount shall be set aside or reversed as a special reserve according to laws and regulations. If there is any remaining amount, the board of directors shall formulate an earnings distribution proposal together with the accumulated undistributed earnings and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders.

The Company's dividend policy is in line with its current and future development plans, taking into account the investment environment, capital needs, domestic and international competition, and factors such as shareholders' interests. At least 50% of the distributable earnings for the year will be distributed to shareholders' dividends and bonuses, provided that the cumulative distributable earnings are less than 10% of the paid-in capital. In such cases, distribution may not be made. Dividends and bonuses to shareholders may be distributed in the form of cash or shares, with cash dividends not being less than 20% of the total dividends.

2. Earnings distributions that have been approved by the board of directors but not yet resolved by the shareholders' meeting:

The Company's net income after tax for 2024 amounted to NT\$235,826,615. On March 12, 2025, the Board of Directors resolved to distribute a cash dividend of NT\$0.70 per share for the year after considering future investment opportunities and industry characteristics.

3. Earnings distribution that has been resolved by the shareholders' meeting: Not applicable.
4. The allocation of 2024 earnings to employees and directors as remuneration:

In 2024, the Company's employee and director compensation both amounted to NT\$2,964,002. The accrual was based on the Company's pre-tax net income before deduction of employee and director remuneration, calculated in accordance with the 1% ratio stipulated in the Articles of Incorporation, and recognized as operating expenses for 2024. However, if the actual amount approved by the Shareholders' Meeting differs from the accrued amount, the difference will be recognized in the 2025 profit or loss.

Attachment 5:

FROCH ENTERPRISE CO., LTD.

Comparison Table of Amendments to the Rules of Procedure for Board of Directors Meetings

Article number	Original Article	Provisions after amendment	Description
Article 8	III. The Chairman of the Board shall convene the meeting once the scheduled time has arrived and more than half of the directors are present. If, at the scheduled meeting time, less than half of the directors are present, the chair may announce a postponement of the meeting. The number of postponements shall be limited to two. If after two postponements the quorum is still not met, the chair may reconvene the meeting in accordance with the procedure prescribed in Article 3, Paragraph 2.	III. The Chairman of the Board shall convene the meeting once the scheduled time has arrived and more than half of the directors are present. If, at the scheduled meeting time, less than half of the directors are present, the chair may announce a postponement of the meeting to later the same day. The number of postponements shall be limited to two. If after two postponements the quorum is still not met, the chair may reconvene the meeting in accordance with the procedure prescribed in Article 3.	Amendments made in compliance with laws and regulations
Article 11	The Board of Directors shall proceed in accordance with the agenda specified in the meeting notice; however, with the consent of a majority of directors present, the agenda may be changed. Without the consent of a majority of the directors present, the chair shall not unilaterally declare the meeting adjourned. During the meeting, if the number of directors present falls below a majority of those attending, upon the proposal of the directors remaining present, the chair shall declare the meeting suspended. The provisions of Article 8, Paragraph 3 shall apply mutatis mutandis.	The Board of Directors shall proceed in accordance with the agenda specified in the meeting notice; however, with the consent of a majority of directors present, the agenda may be changed. Without the consent of a majority of the directors present, the chair shall not unilaterally declare the meeting adjourned. During the meeting, if the number of directors present falls below a majority of those attending, upon the proposal of the directors remaining present, the chair shall declare the meeting suspended. The provisions of Article 8, Paragraph 3 shall apply mutatis mutandis. <u>If, during the meeting, the chair is unable to preside due to any reason or unilaterally adjourns the meeting in violation of the second paragraph, the selection of an acting chair shall be governed by Article 7.</u>	Amendments made in compliance with laws and regulations
Article 12	The following matters shall be submitted to the Board of Directors for discussion: (Omitted content) The “within one year” period referred to in the preceding paragraph shall be calculated retroactively from the date of the current Board of Directors meeting. Items already approved by Board resolutions within this period are not to be recalculated.	The following matters shall be submitted to the Board of Directors for discussion: (Omitted content) The “within one year” period referred to in the preceding paragraph shall be calculated retroactively from the date of the current Board of Directors meeting. Items already approved by Board resolutions within this period are not to be recalculated. <u>At least one independent director shall attend the Board meeting in person. For matters requiring resolution as listed in Paragraph 1, all independent directors shall attend the Board meeting. If an independent director is unable to attend in person, he or she shall authorize another independent director to attend on his or her behalf. If any independent director holds dissenting or reserved opinions, such opinions shall be recorded in the meeting minutes. If the independent director is unable to attend the meeting to express such opinions, written comments shall be provided in advance with justification and included in the minutes.</u>	Amendments made in compliance with laws and regulations

Attachment 6:

FROCH ENTERPRISE CO., LTD. Comparison Table of Amendments to the Regulations for Transfer of Treasury Shares to Employees

Article number	Original Article	Provisions after amendment	Description
Article 3	The period for transferring treasury shares to employees shall be limited to three years from the date of repurchase, whether in a single or multiple tranches. The subscription payment period and other related matters for each transfer tranche shall be separately determined by the Chairperson of the Board under authorization.	The period for transferring treasury shares to employees shall be limited to three years from the date of repurchase, whether in a single or multiple tranches.	Wording revised in accordance with the “Q&A on Treasury Stock.”
Article 4	All employees of ROC nationality (including those employed by domestic or foreign subsidiaries in which the Company holds, directly or indirectly, more than 50% of the voting shares) who are employed by the Company prior to the record date for subscription, and who have not violated the Company’s “Work Rules” resulting in disciplinary action in the previous or current year, shall be entitled to subscribe for treasury shares.	All <u>full-time</u> employees of ROC nationality (including those employed by domestic or foreign subsidiaries in which the Company holds, directly or indirectly, more than 50% of the voting shares) who are employed by the Company prior to the record date for subscription, and who have not violated the Company’s “Work Rules” resulting in disciplinary action in the previous or current year, shall be entitled to subscribe for treasury shares.	Wording revised in accordance with the “Q&A on Treasury Stock.”
Article 5	The number of treasury shares that employees may subscribe to shall be calculated based on three criteria: position, years of service and performance. Employees who meet the subscription criteria shall subscribe in accordance with the following provisions.	The number of treasury shares that employees may subscribe to shall be determined based on their position, years of service and performance, <u>and the number of shares to be transferred to each employee shall be allocated accordingly. Consideration shall also be given to the total number of treasury shares held by the Company on the subscription base date and the upper limit on the number of shares that any single employee may subscribe to. The actual eligibility and number of shares for subscription shall be resolved by the Board of Directors. However,</u>	Wording revised in accordance with the “Q&A on Treasury Stock.”

		for subscribers who are managerial officers, the subscription list shall first be submitted to the Compensation Committee for review before being presented to the Board of Directors for resolution. For subscribers who are not managerial officers, the subscription list shall first be submitted to the Audit Committee for review before being presented to the Board of Directors for resolution.	
Article 6	Employees who fail to complete subscription and payment within the subscription and payment period shall be deemed to have waived their rights. The unsubscribed balance may be reallocated to other employees as determined by the Chairman.	Employees who fail to complete subscription and payment within the subscription and payment period shall be deemed to have waived their rights. The unsubscribed balance may, subject to the identity of the subscriber, be reallocated to other employees either during the same subscription process or in subsequent subscription rounds during the transfer period under Article 3. The allocation shall be submitted to the Audit Committee or the Remuneration Committee for review and then presented to the Board of Directors for resolution.	Wording revised in accordance with the “Q&A on Treasury Stock.”
Article 12	These Regulations shall become effective upon resolution by the Board of Directors and submission to the competent authority for record. Amendments shall follow the same procedure.	These Regulations shall become effective upon resolution by the Board of Directors, and may be amended upon further resolution by the Board of Directors.	Wording revised in accordance with the “Q&A on Treasury Stock.”

Attachment 7:**FROCH ENTERPRISE CO., LTD.****Execution Results of Treasury Share Buybacks**

Item	18th Round	19th Round	3rd Round
Planned Buyback Information			
Date of Board Resolution	2024/08/14	2024/12/18	
Purpose of Share Buyback	Transfer of Shares to Employees	Transfer of Shares to Employees	
Type of Shares to be Repurchased	Common Shares	Common Shares	
Maximum Buyback Amount	NT\$1,958,525,713	NT\$1,958,525,713	
Planned Buyback Period	August 14, 2024 to October 13, 2024	December 14, 2024 to February 17, 2025	
Planned Quantity for Repurchase	2,000,000 shares	2,000,000 shares	
Buyback Method	Purchase on the centralized market	Purchase on the centralized market	
Actual Buyback Results			
Repurchase Period	August 21, 2024 to October 9, 2024	December 19, 2024 to February 6, 2025	
Number of Shares Repurchased	1,760,000 shares		
Total Repurchase Amount (including transaction fees)	31,015,791	32,699,676	
Average Repurchase Price per Share	17.62	16.33	

Attachment 8:**Froch Enterprise Co., Ltd.****Earnings Distribution Table**

2024

Unit: NTD

Item	Amount	Remarks
Amount available for distribution:		
1. Undistributed earnings at the beginning of period	1,001,585,795	1. It was approved by the Board of Directors on March 12, 2025 that according to the Articles of Incorporation, the after-tax net profits were determined to first offset the losses and then appropriate 10% of the legal reserves and special reserves before appropriating the earnings. 2. Distributed NTD 2,964,002 as employee remuneration. Distributed directors' remuneration, NTD 2,964,002.
2. Net profit after tax in 2024	235,826,615	
3. Other comprehensive income in 2024		
Defined benefit plan actuarial gains and losses	11,075,895	
4. Appropriation of legal reserve	(24,690,251)	
5. Reversal of Special Reserve	181,260,557	
6. Cash dividend of NTD 0.70 per share	(196,368,219)	
7. Undistributed earnings at the end of the period	1,208,690,392	

Attachment 9:

Froch Enterprise Co., Ltd.

Comparison Table of Amendments to the Articles of Incorporation

Article number	Original Article	Provisions after amendment	Description
Article 10	If the Company makes a profit in the year, it shall set aside 1% of the profit as employee remuneration, which shall be distributed in shares or cash approved by the resolution of the board of directors. The distribution includes employees of the subordinate company who meet certain criteria. The Company's Board may resolve to appropriate no more than 3% of the aforementioned amount as directors' remuneration. The proposal for the distribution of employees' and directors' remuneration shall be submitted to the shareholders' meeting for reporting. However, if the Company still has accumulated losses, the Company shall reserve an amount to make up for it, and then provide employees' remuneration and directors' remuneration in accordance with the aforementioned percentages.	If the Company records a profit for the year, 1% shall be allocated as employee compensation (<u>of which not less than 60% shall be allocated to general staff</u>), to be distributed in stock or cash as resolved by the Board of Directors. The recipients may include employees of subsidiaries meeting specified criteria. Up to 3% of the profit <u>may be allocated as directors' compensation, to be distributed in cash only</u> , as resolved by the Board of Directors. The proposal for the distribution of employees' and directors' remuneration shall be submitted to the shareholders' meeting for reporting. However, if the Company still has accumulated losses, the Company shall reserve an amount to make up for it, and then provide employees' remuneration and directors' remuneration in accordance with the aforementioned percentages.	Amendments made in compliance with laws and regulations

Attachment 10:**FROCH ENTERPRISE CO., LTD.****Comparison Table of Amendments to the Procedures for Lending of Funds to Others**

Article number	Original Article	Provisions after amendment	Description
Article 3	Total Amount of Loans to Others and Limits by Individual Counterparty (I) The Company's aggregate amount of loans to others shall not exceed 40% of its net worth. (II) For companies or firms that have business transactions with the Company, the loan amount to any single entity shall not exceed the amount of business transactions between both parties. The term “amount of business transactions” refers to the higher of the purchase amount or loan amount between the two parties. (III) For companies or firms with short-term financing needs, the loan amount to any single entity shall not exceed 20% of the Company’s net worth. (IV) For loans made between the Company and foreign companies in which it directly or indirectly holds 100% of the voting shares, or vice versa, the aggregate amount of loans shall not exceed 40% of the net worth of each lending entity, and the loan amount to any single counterparty shall also be limited to 40%. The loan term shall still comply with the provisions set forth in Article 5 of these guidelines.	Total Amount of Loans to Others and Limits by Individual Counterparty (I) The Company's aggregate amount of loans to others shall not exceed 40% of its net worth. (II) For companies or firms that have business transactions with the Company, the loan amount to any single entity shall not exceed the amount of business transactions between both parties. The term “amount of business transactions” refers to the higher of the purchase amount or loan amount between the two parties. (III) For companies or firms with short-term financing needs, the loan amount to any single entity shall not exceed 20% of the Company’s net worth. (IV) For loans made between the Company and foreign companies in which it directly or indirectly holds 100% of the voting shares, or vice versa, the aggregate amount of loans shall not exceed <u>100%</u> of the net worth of each lending entity, and the loan amount to any single counterparty shall also be limited to <u>100%</u>. The loan term shall still comply with the provisions set forth in Article 5 of these guidelines.	Amendments made in compliance with laws and regulations

Attachment 11:**Froch Enterprise Co., Ltd.****Shareholding of Directors**

- I. The Company's paid-in capital is NTD 2,805,260,270, and the number of issued shares is 280,526,027.
- II. According to Article 26 of the Securities and Exchange Act, all directors shall hold at least 12,000,000 shares.
- III. As of the date of suspension of share transfer for the shareholders' meeting, the number of shares held by individual shareholders and all directors on the shareholder roster of shareholders' meeting is shown in the table below, which has complied with the percentage of shareholding stipulated in Article 26 of the Securities and Exchange Act.

Unit: shares

JOB TITLE	ACCOUNT NAME	NUMBER OF SHARES HELD	REMARKS
Chairman	Bing-Yao Chang	17,547,946	
Vice Chairman	Hsin-Da Chang	21,648,931	
Director	Tiao-Chi Yang	0	
Director	Rui-Chi Lee	0	
Director	Xin Jiexin Co., Ltd.	28,206,372	
Independent Director	Shun-De Wen	0	
Independent Director	Ying-Fang Li	0	
Independent Director	Shu-Fu Wang	0	
Independent Director	Hui-Kue Chen	0	
Total Number of Directors		67,403,249	

Attachment 12:

VIII. Impacts of the free-gratis dividends issuance on the Company's operating performance, earnings per share and shareholders' return on investment:

The Company intends to distribute all cash dividends this year, so the impact of free-gratis dividends on the Company is not applicable.

Other explanatory matters

Explanation for the handling of shareholders' proposals at the General Shareholders' Meeting:

- Remarks: 1. According to Article 172-1 of the Company Act, a shareholder holding one percent or more of the total number of issued shares of the Company may submit a written proposal to the general shareholders' meeting for 2025. Each shareholder may propose only one proposal, and the content of the proposal must not exceed 300 words (including punctuation marks); otherwise, the proposal will not be included in the agenda of the shareholders annual general meeting. The shareholder proposer shall attend the meeting in person or appoint a proxy to participate in the discussion of the motion.
2. For this year's Annual General Shareholders' Meeting, the Company accepted shareholder proposal submissions from April 11 to April 21, 2025, and has duly announced this on the Market Observation Post System (MOPS).
3. The Company did not receive any proposals from shareholders.

Attachment 13:

Froch Enterprise Co., Ltd.

Rules of Procedure for Board of Directors Meetings (before amendment)

- Article 1 In order to establish sound corporate governance practices, enhance supervisory functions, and strengthen management efficiency, the Company has formulated these Regulations in accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies for compliance.
- Article 2 The main agenda items, procedural matters, required contents of meeting minutes, public disclosures, and other compliance matters related to the Company's Board of Directors meetings shall be handled in accordance with the provisions of these Regulations.
- Article 3 The Company's Board of Directors shall convene at least once per quarter. A meeting shall be called by stating the reason and notifying all directors at least seven days in advance in writing, by email, or by facsimile. In case of emergencies, the meeting may be convened at any time using the same methods with the consent of the recipients. The matters listed under Paragraph 1, Article 12 of these Rules shall not be raised by extempore motions.
- Article 4 The Company shall designate a responsible administrative unit for Board meeting affairs, and such designation shall be specified in the procedural rules. The administrative unit shall draft the meeting agenda and provide sufficient supporting materials, which shall be sent together with the meeting notice. If any director deems the meeting materials to be insufficient, they may request supplementary information from the administrative unit. If any director considers the proposal materials inadequate, the Board may resolve to postpone discussion of the item.
- Article 5 When convening a Board meeting, a sign-in book shall be prepared for attending directors to sign in for recordkeeping. Directors shall attend Board meetings in person. If unable to attend in person, they may appoint another director as a proxy in accordance with the Company's Articles of Incorporation. Participation via video conferencing shall be deemed as attendance in person. When a director appoints another director to attend the meeting on their behalf, a power of attorney shall be issued for each meeting, specifying the scope of authorization for each agenda item. The proxy in the second paragraph is limited to one person.
- Article 6 Board meetings shall be held at the Company's registered location and during working hours, or at a location and time convenient for the directors and suitable for holding Board meetings.
- Article 7 The Company's Board of Directors shall be convened and chaired by the Chairman. However, the first Board meeting of each term shall be convened by the director who received the most votes in the shareholders' meeting. That director shall act as the meeting chair. If two or more directors received the same number of votes, one of them shall be mutually selected to serve as chair. If the Chairman is on leave or otherwise unable to exercise their duties, the Vice Chairperson shall act as proxy. If there is no Vice Chairperson, or the Vice Chairperson is also on leave or unable to perform the duties, a director designated by the Chairman shall act as proxy. If no proxy is designated, one shall be elected by and from among the managing directors or directors.

- Article 8
- I. When the Board convenes, the Board or the authorized administrative unit shall prepare relevant information for directors' reference at any time during the meeting.
 - II. Depending on the agenda items, relevant department personnel or personnel from subsidiaries may be notified to attend the Board meeting. When necessary, accountants, attorneys, or other professionals may also be invited to attend the meeting and provide explanations. However, they shall leave the meeting during the discussion and voting.
 - III. The Chairman of the Board shall convene the meeting once the scheduled time has arrived and more than half of the directors are present. If, at the scheduled meeting time, less than half of the directors are present, the chair may announce a postponement of the meeting. The number of postponements shall be limited to two. If after two postponements the quorum is still not met, the chair may reconvene the meeting in accordance with the procedure prescribed in Article 3, Paragraph 2.
 - IV. The term "entire Board of Directors" as referred to above shall mean the directors currently holding office.
- Article 9
- The Company shall keep audio or video recordings of all meetings of the Board of Directors as evidence for a period of at least 5 years. Such records may be kept by electronic means.
- Before the expiry of the retention period referred to in the preceding paragraph, in the event of a lawsuit concerning the matters discussed by Board of Directors, the relevant audio or video recording evidence shall be kept until the end of the lawsuit.
- If a Board meeting is held via video conference, the audio-visual recording shall be deemed part of the meeting record and shall be properly preserved for the duration of the Company's existence.
- Article 10
- The agenda of the Company's regularly scheduled Board meetings shall include at a minimum the following items:
- I. Report Items
 - (I) Minutes of the previous meeting and the status of implementation.
 - (II) Important financial and business reports.
 - (III) Internal audit reports.
 - (IV) Other Material Report Items.
 - II. Items for Discussion:
 - (I) Matters reserved for discussion from the previous meeting.
 - (II) Agenda items scheduled for discussion at the current meeting.
 - III. Extempore Motions.
- Article 11
- The Board of Directors shall proceed in accordance with the agenda specified in the meeting notice; however, with the consent of a majority of directors present, the agenda may be changed.
- Without the consent of a majority of the directors present, the chair shall not unilaterally declare the meeting adjourned.
- During the meeting, if the number of directors present falls below a majority of those attending, upon the proposal of the directors remaining present, the chair shall declare the meeting suspended. The provisions of Article 8, Paragraph 3 shall apply mutatis mutandis.
- Article 12
- The following matters shall be submitted to the Board of Directors for discussion:
- I. Business Plan of the Company.
 - I. Annual and semi-annual financial reports. However, this does not apply to semi-annual financial reports that are not required by law or regulation to be audited

and attested by a CPA.

- III. Formulation or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act (hereinafter referred to as the "Act").
- IV. Establishment or amendment of the Procedures for the Acquisition or Disposal of Assets, Engagement in Derivative Transactions, Loaning of Funds to Others, Endorsement or Guarantee for Others in accordance with Article 36-1 of the Securities and Exchange Act.
- V. Offering, issuance or private placement of equity-type securities.
- VI. Election or dismissal of the Chairperson where no managing director has been appointed by the Board.
- VII. The appointment or dismissal of the head of finance, accounting or internal audit.
- VIII. Donations to related parties or major donations to non-related parties. However, charitable donations made for emergency relief due to major natural disasters may be submitted to the next Board meeting for ratification.
- IX. Matters requiring resolution by the shareholders' meeting or the Board of Directors, or significant matters as stipulated by competent authorities, pursuant to Article 14-3 of the Act or other applicable laws, regulations, or the Articles of Incorporation.

In the preceding Paragraph 7, "related parties" refers to those defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. "Major donations to non-related parties" refers to donations in an individual amount or cumulative amount within one year to the same recipient reaching NT\$100 million or more, or 1% of net operating revenue or 5% of paid-in capital based on the latest CPA-audited financial report, whichever is lower. (For foreign companies with shares having no par value or a par value other than NT\$10 per share, the 5% of paid-in capital shall be calculated as 2.5% of shareholders' equity.)

The aforementioned "within one year" shall be calculated retroactively from the date of the current Board meeting. Items previously approved by Board resolutions are excluded from the calculation.

The portions already approved by resolution of the Board of Directors shall be excluded from the calculation.

Article 13

When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

When a proposal is submitted for resolution by the Board of Directors of the Company, if the chair consults all directors present and no objections are raised, the proposal shall be deemed approved. If any objection is raised upon consultation by the chair, the proposal shall be submitted for a formal vote.

The voting method shall be selected by the chair from among the following, but if any attending director objects, the method shall be determined by majority opinion:

- I. Hand vote.
- II. Roll-call vote.
- III. Ballot vote.
- IV. Company-adopted alternative voting method.

Article 14

Unless otherwise provided by the Act or the Company Act, resolutions of the Company's Board of Directors shall be adopted by a majority of the directors present at a meeting attended by a majority of the directors.

Where an agenda item includes an amendment or substitute proposal, the Chairperson shall determine the voting sequence together with the original proposal. However, if any proposal is approved, the remaining proposals shall be deemed rejected without further voting.

- If necessary, scrutineers and vote counters shall be appointed for voting on proposals, and they shall be designated by the chair; however, scrutineers must be directors. The results of the voting shall be announced on the spot and recorded.
- Article 15 Directors who have a conflict of interest with any agenda item and whose participation may be detrimental to the interests of the Company shall explain the key contents of such interest at the Board meeting. They may provide their opinions and respond to inquiries but shall refrain from participating in discussion and voting, and must recuse themselves from discussion and voting. They may not act on behalf of other directors in exercising voting rights.
- Resolutions of the Company's Board of Directors involving directors who, under the preceding paragraph, are not permitted to exercise voting rights shall be handled in accordance with Article 206, Paragraph 2 of the Company Act, mutatis mutandis to Article 180, Paragraph 2 of the same Act.
- Article 16 The proceedings of the Board of Directors of the Company shall be recorded in the minutes containing the following details:
- I. Meeting number (or annual session), time, and location.
 - II. Name of the chairperson.
 - III. Attendance of directors, including names and number of those attending, on leave, and absent.
 - IV. The names and titles of the attendees.
 - V. Names on record.
 - VI. Report items
 - VII. Discussion items: voting methods and results of each proposal, summaries of comments from directors, experts, and others, names of directors with a conflict of interest under the preceding article's first paragraph, explanation of material interests, reasons for recusal or non-recusal, recusal circumstances, and any objections or reservation opinions duly recorded or submitted in writing.
 - VIII. Extempore motion: Name of the proposer, voting methods and results of the proposal, summaries of comments from directors, experts, and others, names of directors with a conflict of interest under the preceding article's first paragraph, explanation of material interests, reasons for recusal or non-recusal, recusal circumstances, and any objections or reservation opinions duly recorded or submitted in writing.
 - IX. Other required information.
- Article 17 Except for matters under Article 12, Paragraph 1 which must be submitted to the Board of Directors for discussion, the Board of Directors of the Company may, pursuant to laws, regulations, or the Articles of Incorporation, delegate its powers to the Chairman. Such delegated authority includes:
- I. Approval of important contracts.
 - II. Approval of mortgage loans on real estate and other borrowings.
 - III. Approval of acquisition or disposal of general property and real estate.
 - IV. Appointment of directors for investee companies.
 - V. Determination of record dates for capital increase or decrease, cash dividend distribution, share allotment or subscription, and adjustments to dividend payout ratios.
- Article 18 These Rules of Procedure shall be adopted and amended with the approval of the Board of Directors of the Company.

Attachment 14:

Froch Enterprise Co., Ltd.

Regulations for Transfer of Treasury Shares to Employees (Before Amendment)

- Article 1: In order to incentivize employees and enhance cohesion, the Company has established these Rules for Transfer of Treasury Shares to Employees pursuant to Article 28-2, Paragraph 1, Subparagraph 1 of the Securities and Exchange Act and the Regulations Governing Share Repurchase by Listed and OTC Companies issued by the Securities and Futures Commission, Ministry of Finance (predecessor of the Financial Supervisory Commission, Executive Yuan). Transfers of treasury shares to employees by the Company shall be handled in accordance with these Rules, unless otherwise prescribed by applicable laws and regulations.
- Article 2: The shares to be transferred to employees shall be common shares. Unless otherwise stipulated by applicable laws or these Rules, their rights and obligations shall be identical to those of other outstanding common shares.
- Article 3: The period for transferring treasury shares to employees shall be limited to three years from the date of repurchase, whether in a single or multiple tranches. The subscription payment period and other related matters for each transfer tranche shall be separately determined by the Chairperson of the Board under authorization.
- Article 4: Employees who are on duty before the record date for subscription and who have not violated the Company's "Work Rules" and been subject to disciplinary action in the current or preceding year shall be eligible to subscribe to treasury shares.
- Article 5: The number of treasury shares that employees may subscribe to shall be calculated based on three criteria: position, years of service, and performance. The number of shares transferred in each transaction, the seniority reference date, subscription and payment period, and transfer restrictions shall be separately approved by the Chairman in accordance with relevant regulations.
- Article 6: Employees who fail to complete subscription and payment within the subscription and payment period shall be deemed to have waived their rights. The unsubscribed balance may be reallocated to other employees as determined by the Chairman.
- Article 7: Treasury shares shall be transferred in accordance with the following procedures:
1. Buy back treasury shares within the prescribed period as resolved by the Board of Directors and announced and reported accordingly.
 2. Establish and announce the record date for employee subscription, standards for subscription quantities, subscription and payment period, and restrictions on resale.

3. Handle share transfer and registration of title transfer.

Article 8: The transfer price per share of treasury shares shall be the average actual buyback price of that tranche. However, if the number of issued common shares has increased prior to transfer, the price may be adjusted based on the increase ratio.

Article 9: Employees subscribing to treasury shares shall complete tax payments as required by law before the share transfer process can proceed.

Article 10: Treasury shares repurchased for the purpose of transferring to employees must be transferred in full within three years from the date of repurchase. Any portion not transferred within such period shall be deemed unissued shares of the Company and must be cancelled and registered for change in accordance with the law.

Article 11: Employees receiving shares from the Company may not transfer such shares within six months of acquisition.

Article 12: These Regulations shall become effective upon resolution by the Board of Directors and submission to the competent authority for record. Amendments shall follow the same procedure.

Article 13: These Rules shall be reported to the shareholders' meeting, and the same applies to any amendments.

Attachment 15:

Froch Enterprise Co., Ltd.

Articles of Incorporation (Prior to Amendment)

Article 1

The Company is organized in accordance with the provisions of the Company Act and is named Froch Enterprise Co., Ltd. (The English name is FROCH ENTERPRISE CO., LTD.)

Article 2

The Company operates the following businesses:

CA01010 Iron and Steel Smelting

CA01020 Iron and Steel Rolling and Extruding

CA01030 Iron and Steel Casting

CA01050 Secondary Processing of Steel Products

CA02990 Other Fabricated Metal Products Manufacturing

CA03010 Heat Treatment

CA04010 Surface Treatment

CB01010 Machinery and Equipment Manufacturing

D101060 Renewable Energy Power Generation Equipment for Own Use

F106010 Wholesale of Hardware

F401010 International Trade

I501010 Product Design

ZZ99999 Businesses not prohibited or restricted by laws or regulations, except those requiring special approval

Article 3

The Company has its head office in Yunlin County, Taiwan, and may establish branch offices at appropriate locations domestically or internationally as necessary.

Article 4 Deleted

Article 5

To achieve the objective of diversified operations, the total amount of the Company's investments

in other enterprises may exceed forty percent (40%) of its paid-in capital.

Article 6

The Company may provide external guarantees as necessary for its business operations.

Article 7

The total capital of the Company is NT\$4,000,000,000, divided into 400,000,000 shares, at a par value of NT\$10 per share, with the unissued shares to be issued in installments as authorized by the Board of Directors. Where the Company transfers shares to employees at a price lower than the average buyback price, such transfer shall first be approved by a resolution of a shareholders' meeting attended by shareholders representing over half of the total number of issued shares, with approval by at least two-thirds of the voting rights of the shareholders present.

Article 8

The shares of the Company shall be in registered form and numbered, and shall be signed or stamped by the director representing the Company and issued only after certification by a bank authorized to act as a certifying institution under applicable law. Shares issued by the Company may be exempted from printing physical share certificates and shall be registered with the centralized securities depository enterprise.

Article 9

The Company shall suspend share transfers within sixty (60) days prior to a regular shareholders' meeting, thirty (30) days prior to a special shareholders' meeting, or five (5) days prior to the record date for distribution of dividends, bonuses or other benefits.

Article 10

If the Company makes a profit in the year, it shall set aside 1% of the profit as employee remuneration, which shall be distributed in shares or cash approved by the resolution of the board of directors. The distribution includes employees of the subordinate company who meet certain criteria. The Company's Board may resolve to appropriate no more than 3% of the aforementioned amount as directors' remuneration. The proposal for the distribution of employees' and directors' remuneration shall be submitted to the shareholders' meeting for reporting. However, if the Company still has accumulated losses, the Company shall reserve an amount to make up for it, and then provide employees' remuneration and directors' remuneration in accordance with the

aforementioned percentages.

Article 10-1

If there are earnings in the annual final accounting, the Company shall pay taxes and make up for the accumulated losses. Then, the Company shall set aside 10% of the earnings as a legal reserve. However, if the legal reserve reaches the amount of the Company's paid-in capital, such appropriation may be omitted. The remaining amount shall be set aside or reversed as a special reserve according to laws and regulations. If there is any remaining amount, the board of directors shall formulate an earnings distribution proposal together with the accumulated undistributed earnings and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders. However, where more than two-thirds of the directors are present and a resolution is passed by a majority of the attending directors, the distribution of all or part of dividends, bonuses, capital reserves, or legal reserves in cash may be approved by the Board of Directors and reported to the shareholders' meeting, in which case the above provision requiring a shareholders' meeting resolution shall not apply.

The Company's dividend policy is in line with its current and future development plans, taking into account the investment environment, capital needs, domestic and international competition, and factors such as shareholders' interests. At least 50% of the distributable earnings for the year will be distributed to shareholders' dividends and bonuses, provided that the cumulative distributable earnings are less than 10% of the paid-in capital. In such cases, distribution may not be made. Dividends and bonuses to shareholders may be distributed in the form of cash or shares, with cash dividends not being less than 20% of the total dividends.

Article 11

Shareholders' meetings shall be classified as regular meetings and special meetings. Regular meetings shall be convened once a year within six months after the end of each fiscal year; special meetings shall be convened as necessary in accordance with applicable laws and regulations. Shareholders' meetings of the Company may be convened by video conference or other methods as announced by the competent authority.

Article 12

A shareholder who is unable to attend a shareholders' meeting may appoint a proxy using the proxy

form printed by the Company, specifying the scope of authorization. Except as otherwise provided in Article 177 of the Company Act, the method for proxy attendance at shareholders' meetings shall comply with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" as promulgated by the competent authority. Except for trust enterprises or share administration agents approved by the securities regulatory authority, if a person is entrusted by more than two shareholders, the aggregate voting rights represented by such proxy shall not exceed three percent (3%) of the total number of voting rights of the Company's issued shares. Any excess shall not be counted.

Article 13

Shareholders' meetings shall be convened by the Board of Directors, with the Chairman of the Board acting as the chairperson. In the absence of the Chairman, the Vice Chairman shall act in his or her place. If the Vice Chairman is also absent, the Chairman shall designate a director to act as chair. If no such designation is made, the attending directors shall elect one among themselves to act as chair. If the meeting is convened by a person other than a member of the Board of Directors, such convener shall act as chair. Where there is more than one convener, one shall be elected among them to act as chair.

Article 14

Each shareholder of the Company shall have one vote per share, except as otherwise provided under Article 179 of the Company Act.

Article 15

Unless otherwise provided by relevant laws and regulations, resolutions of a shareholders' meeting shall be adopted by a majority of the votes of shareholders present at a meeting attended by shareholders representing more than half of the total number of issued shares. In the event of a tie, the chairperson shall have the deciding vote. Pursuant to the regulations of the competent authority, shareholders of the Company may also exercise their voting rights electronically. Shareholders who exercise their voting rights electronically shall be deemed to have attended the shareholders' meeting in person, and all related matters shall be handled in accordance with applicable laws and regulations.

Article 16

Resolutions of the shareholders' meeting shall be recorded in the meeting minutes, which shall be signed or stamped by the chairperson of the meeting. The minutes shall be distributed to all shareholders within twenty (20) days after the meeting. The preparation and distribution of the minutes may be done electronically. The meeting minutes shall record the year, month, and day of the meeting, the venue, the name of the chairperson, the method of resolution, a summary of the proceedings, and the results thereof. The minutes shall be permanently preserved during the Company's existence. As the Company is a public company, distribution of the meeting minutes may be effected by public announcement.

Article 17

The Company shall have seven (7) to nine (9) directors, elected through a candidate nomination system. Candidates shall be persons with legal capacity, elected by the shareholders' meeting to serve a term of three (3) years. Re-election is permissible. Among the above number of directors, the number of independent directors shall not be fewer than three (3), and their consecutive terms shall not exceed three terms. Independent directors shall be elected from the list of independent director candidates using a candidate nomination system at the shareholders' meeting. Matters concerning the professional qualifications, shareholding, limitations on concurrent positions, nomination and election procedures, and other requirements for independent directors shall comply with the regulations of the securities regulatory authority. After the Company's shares are publicly issued, the aggregate shareholding ratio of all directors shall comply with the regulations of the securities regulatory authority.

Article 17-1

More than half of the Company's directors shall not have any of the following relationships:

1. Spouse
2. Relatives within the second degree of kinship

Article 18

If the number of directors falls short by one-third, the Board of Directors shall convene a special shareholders' meeting within sixty (60) days to hold a by-election. The term of office for any director so elected shall be limited to completing the original term.

Article 19

If the term of the directors expires and new directors have not yet been elected, the current directors shall continue to perform their duties until the newly elected directors assume office.

Article 20

The directors shall form a Board of Directors. The Chairman and Vice Chairman shall be elected by more than two-thirds of the directors in attendance, with the consent of a majority of those attending. The Chairman shall execute all affairs of the Company in accordance with the law, the Articles of Incorporation and resolutions of the shareholders' meeting and the Board of Directors and shall represent the Company externally.

Article 21

Except for the first Board meeting of each term, which shall be convened pursuant to Article 203 of the Company Act, all other meetings shall be convened by the Chairman, who shall also serve as chair. If the Chairman is unable to perform duties, the Vice Chairman shall act on behalf. If the Vice Chairman is also absent, the Chairman shall designate a director to act as chair. If no designation is made, the attending directors shall elect one among themselves to act as chair.

Article 21-1

The Board of Directors shall convene at least once per quarter. The purpose of the meeting shall be specified in the notice, which shall be sent to all directors at least seven (7) days in advance, except in cases of emergency when a meeting may be convened at any time. Notices for Board meetings may be delivered in writing, by fax, or by electronic mail (E-mail).

Article 22

The business policies and other major matters of the Company shall be determined by the Board of Directors. In addition to powers granted by the Company Act and the shareholders' meeting, the powers of the Board of Directors shall include the following:

1. Approval and amendment of the Company's organizational rules.
2. Approval of the annual budget and review of annual final accounts.
3. Approval of capital expenditures or contracts exceeding a specified amount or price.
4. Approval of the amount or price threshold for applications made by the Company to financial institutions for financing, guarantees, acceptances, and other loans, borrowings, or non-

operating advances.

5. Approval of endorsements, guarantees, and acceptances made in the Company's name.
6. Establishment and dissolution of branch offices.
7. Approval of investments in other enterprises.
8. Approval of acquisition or disposal of material assets, in accordance with the Company's "Procedures for Acquisition or Disposal of Assets."
9. Approval and revision of plant construction or expansion investment plans.
10. Approval, amendment, and termination of contracts related to the acquisition, transfer, licensing, and cooperation of proprietary technologies and patent rights.
11. Proposal for earnings distribution and special remuneration.
12. Proposal for capital increase or capital reduction.
13. Major changes in business operations or corporate structure.
14. Approval of transactions between the Company and its affiliates or shareholders, directors, or their relatives.
15. Resolution to repurchase Company shares for transfer to employees.
16. Appointment, dismissal and remuneration of certified public accountants.

Article 23

If a director is unable to attend a Board meeting, he or she may issue a proxy stating the scope of authorization for the meeting matters and entrust another director to attend on his or her behalf; however, a single proxy may only represent one other director.

Article 24

Directors of the Company may receive remuneration and transportation allowances regardless of whether or not the Company makes a profit. The amount, except as otherwise provided in Article 10 of the Articles of Incorporation, shall be determined by the Board of Directors with reference to industry standards and general salary levels.

Article 25

The Company may appoint managerial officers. Their appointment, dismissal and remuneration shall be handled in accordance with Article 29 of the Company Act.

Article 26

At the end of each fiscal year, the Board of Directors shall prepare the following documents, submit them to the Audit Committee for review at least thirty (30) days before the regular shareholders' meeting and present the review report to the shareholders' meeting for ratification:

- I. Business Report.
- II. Financial Statements.
- III. Proposal for Earnings Distribution or Loss Offsetting.

Article 27

The Company's organizational rules and detailed operating procedures shall be separately prescribed by the Board of Directors.

Article 28

Matters not provided for in these Rules shall be handled in accordance with the Company Act and other applicable laws and regulations.

Article 29

The Articles of Incorporation were established on September 15, 1984; the 1st amendment was made on June 2, 1986; the 2nd amendment was made on August 11, 1988; the 3rd amendment was made on June 5, 1989; the 4th amendment was made on September 28, 1989; the 5th amendment was made on June 2, 1990; the 6th amendment was made on January 25, 1991; the 7th amendment was made on May 12, 1991; the 8th amendment was made on May 12, 1992; the 9th amendment was made on October 17, 1992; the 10th amendment was made on April 25, 1995; the 11th amendment was made on August 30, 1996; the 12th amendment was made on October 21, 1996; the 13th amendment was made on May 16, 1997; the 14th amendment was made on March 20, 1998; the 15th amendment was made on May 28, 1999; the 16th amendment was made on May 26, 2000; the 17th amendment was made on May 10, 2001; the 18th amendment was made on June 5, 2002; the 19th amendment was made on May 28, 2003; the 20th amendment was made on May 11, 2004; the 21st amendment was made on May 25, 2005; the 22nd amendment was made on June 6, 2006; the 23rd amendment was made on June 13, 2007; the 24th amendment was made on June 13, 2008; the 25th amendment was made on June 16, 2009; the 26th amendment was made on June 15, 2010; the 27th amendment was made on June 13, 2012; the 28th amendment was made on June 17,

2013; the 29th amendment was made on June 16, 2015; the 30th amendment was made on June 21, 2016; the 31st amendment was made on June 13, 2019; the 32nd amendment was made on June 12, 2020; the 33rd amendment was made on August 19, 2021; the 34th amendment was made on June 21, 2022; and the 35th amendment was made on June 15, 2023. All of which have been implemented with the approval of the administration.

Attachment 16:

Froch Enterprise Co., Ltd.

Procedures for Lending of Funds to Others (before amendment)

I. Purpose: These Procedures are adopted to ensure compliance in the Company's lending of funds to others.

II. Content

Article 1: Except for the following two circumstances, the Company shall not lend funds to any shareholder or other party:

- (I) Companies or firms with which the Company has business dealings.
- (II) Companies or firms with a short-term financing need. The term "short-term" refers to a period of one year or one operating cycle, whichever is longer.

Article 2: Reasons for and necessity of lending funds to others

Where the Company lends funds to other companies or firms due to business transactions, such lending shall be handled in accordance with Paragraph 2, Article 3.

Where lending is due to a short-term financing need, it shall be limited to the following circumstances:

- (I) An investee company in which the Company holds 20% or more of the voting shares and which has a short-term financing need arising from business requirements.
- (II) A company or firm with a short-term financing need arising from purchases of materials or operational turnover requirements.
- (III) Other circumstances in which fund lending is approved by the Board of Directors.

Article 3: Limits on aggregate lending amount and individual lending limits

- (I) The Company's aggregate amount of loans to others shall not exceed 40% of its net worth.
- (II) For companies or firms that have business transactions with the Company, the loan amount to any single entity shall not exceed the amount of business transactions between both parties. The term "amount of business transactions" refers to the higher of the purchase amount or loan amount between the two parties.
- (III) For companies or firms with short-term financing needs, the loan amount to any single entity shall not exceed 20% of the Company's net worth.
- (IV) For loans made between the Company and foreign companies in which it directly or indirectly holds 100% of the voting shares, or vice versa, the aggregate amount

of loans shall not exceed 40% of the net worth of each lending entity, and the loan amount to any single counterparty shall also be limited to 40%. The loan term shall still comply with the provisions set forth in Article 5 of these guidelines.

Article 4: Lending Procedures

(I) Credit Investigation

Prior to lending funds, the borrower shall submit necessary company and financial documents and apply in writing for the financing amount.

Upon acceptance of the application, the Company's finance department shall investigate and evaluate the borrower's line of business, financial condition, debt repayment ability and credit, profitability and intended use of funds, and shall prepare an evaluation report.

The Finance Department shall conduct a thorough investigation and evaluation of the borrower, covering at least the following items:

- (A) Necessity and reasonableness of the loan.
- (B) Appropriateness of the loan amount based on the borrower's financial condition.
- (C) Whether the cumulative loan amount remains within the approved limit.
- (D) Impact on the Company's operational risk, financial condition, and shareholders' equity.
- (E) Whether collateral should be obtained and the assessed value of such collateral.
- (F) Credit investigation and risk assessment records for the borrower.

(II) Collateral

When lending funds, the Company shall obtain an IOU or promissory note with guarantee and, where necessary, set up pledges or mortgages over movable or immovable property. For the aforementioned secured claims, the debtor may provide a guarantor—an individual or company with adequate financial resources and credit—instead of collateral. Where the guarantor is a company, it must be verified that its Articles of Incorporation allow the provision of guarantees.

(III) Scope of Authorization

Before lending funds to others, the Company shall carefully evaluate whether or not the lending complies with these Procedures and the Company's internal rules. Lending of funds between the Company and its subsidiaries, or between subsidiaries, shall be subject to Board resolution and may be delegated to the

Chairperson to disburse the loan in installments or on a revolving basis within a specified amount and period not exceeding one year.

The term "specified amount" in the preceding paragraph means the total amount authorized for lending by the Company or its subsidiaries to any single entity shall not exceed 10% of the Company's net worth as shown in its most recent financial statements.

Article 5: Lending Term and Interest Calculation Method

The maximum term of each loan shall be one year. Under special circumstances involving business transactions, the loan term may be extended with Board approval as needed, but the maximum term shall still not exceed one year. Interest on the loan shall be calculated based on a floating rate and may be adjusted flexibly in light of the Company's cost of funds.

Article 6: Post-Lending Control Measures and Procedures for Handling Overdue Claims.

Following the disbursement of the loan, the Company shall continuously monitor the financial condition, business operations and relevant credit status of the borrower and guarantor. In cases where collateral has been provided, the Company shall also pay attention to any changes in the value of such collateral. In the event of any material changes, appropriate action shall be taken. The Chairman shall be notified immediately and appropriate action taken in accordance with instructions.

Upon maturity of the loan, the borrower shall repay the principal and interest in full. If the borrower fails to repay after being notified in writing for more than 15 days, the Company shall file a lawsuit and initiate legal proceedings to recover the debt.

Article 7: Internal Control

- (I) The Company shall establish a registry to record detailed information on fund lending, including borrower identity, amount, date of Board resolution, date of loan disbursement, and matters requiring due diligence.
- (II) The Company's internal audit personnel shall audit the lending procedures and their implementation at least quarterly and shall prepare written records. If material violations are found, they shall notify the Audit Committee in writing immediately. In case of material violations, the responsible managers and personnel shall be subject to disciplinary action based on the nature of the infraction.
- (III) Where, due to changes in circumstances, the borrower no longer qualifies under these Procedures or the lending balance exceeds the limit, the Company shall

formulate an improvement plan and complete corrective action in accordance with the timeline to strengthen internal controls.

Article 8: Public Disclosure and Reporting

- (I) The Company shall publicly disclose and report the prior month's fund lending balance of the Company and its subsidiaries by the 10th day of each month.
- (II) If the Company's fund lending balance meets any of the following thresholds, it shall disclose and report the relevant information within two days from the date of occurrence:
 - 1. The aggregate fund lending balance of the Company and its subsidiaries exceeds 20% of the Company's net worth as stated in its most recent financial statements.
 - 2. The fund lending balance of the Company and its subsidiaries to a single entity exceeds 10% of the Company's net worth as stated in its most recent financial statements.
 - 3. The amount of any new fund lending by the Company and its subsidiaries reaches NT\$10 million or more and also exceeds 2% of the Company's net worth as stated in its most recent financial statements.

If a subsidiary of the Company is not a domestic public company and it meets any of the above thresholds requiring public disclosure and reporting, the Company shall make the disclosure and report on its behalf. The calculation of the ratio of a subsidiary's fund lending balance to net worth shall be based on the ratio of the subsidiary's lending balance to the Company's net worth.

The term "date of occurrence" as used in these Procedures refers to the earlier of the contract date, payment date, date of Board resolution, or other date sufficient to determine the counterparty and amount of the fund lending.

III. Other Matters

- 1. If a subsidiary of the Company intends to lend funds to others, the Company shall require the subsidiary to adopt fund lending procedures in accordance with regulations and handle such matters in accordance with its procedures.
- 2. The Company shall assess fund lending in accordance with generally accepted accounting principles, make adequate provisions for bad debt allowances, properly disclose relevant information in its financial reports, and provide relevant data for CPA audit procedures to support issuance of an appropriate audit opinion.

3. Matters not addressed in these Procedures shall be handled in accordance with applicable laws and the Company's internal regulations.

IV. Effectiveness and Amendments

These Procedures shall take effect upon the approval of more than half of the actual members of the Audit Committee, followed by resolution of the Board of Directors, submission to each Supervisor and approval by the Shareholders' Meeting. If any Director expresses dissent with a record or written statement, the Company shall submit the dissent for discussion at the Shareholders' Meeting. The same procedure shall apply to any amendments.

If not approved by more than half of the actual Audit Committee members, the Procedures may be adopted with the consent of two-thirds or more of the actual Directors and shall be recorded in the minutes of the Board meeting, including the Audit Committee's resolution.

When submitting these Procedures to the Board of Directors for discussion under the preceding paragraph, the opinions of the Independent Directors shall be fully considered. If any Independent Director expresses dissent or reservations, such opinions shall be included in the minutes of the Board meeting.

Attachment 17:

Froch Enterprise Co., Ltd.

Rules of Procedure for Shareholders' Meetings

Article 1

The Company shall conduct its shareholders meetings in accordance with these Rules.

Article 2

The Company shall specify in the meeting notice the time and place for attendance of shareholder registrations, and other matters to be noted.

The time for registration of shareholders referred to in the preceding paragraph shall be at least 30 minutes before the start of the meeting; the place for registration shall be clearly marked and sufficient qualified personnel shall be assigned to handle it.

Shareholders or their proxies (hereinafter referred to as "shareholders") shall attend shareholders' meetings with attendance cards, sign-in cards, or other attendance certificates; parties soliciting proxy forms shall also bring identification documents for verification.

Shareholders shall hand in a sign-in card in lieu of signing in. The number of shares in attendance shall be calculated based on the handover of sign-in cards, and the attendance and voting at the shareholders' meeting shall be calculated based on the number of shares held. If the shareholder is a government agency or institution, more than one representative may be represented at the shareholders' meeting. When a legal person is entrusted to attend a shareholders' meeting, it may appoint only one representative to attend the meeting.

The Company shall provide the attending shareholders with the meeting agenda handbook, annual report, attendance card, speaker's slips, voting ballots, and other meeting materials; election ballots shall be attached if there is an election of directors or supervisors.

Article 3

When the shareholders representing a majority of the total number of issued shares are present at the scheduled meeting, the chair will call the meeting to order and announce the number of non-voting shares and the number of shares in attendance. If the meeting time has expired and it falls below the statutory quorum, the chair may announce an extension. No more than two such postponements may be made. The total of the postponements may not exceed one hour. When more than one-half or more shareholders are present, a tentative resolution may be adopted in accordance with Article 175 of the Company Act. In the case of a tentative resolution as referred to in the preceding paragraph, if the shareholdings represented by the attending shareholders have reached the quorum, the chair may resubmit the tentative resolution for a vote at the general meeting in accordance with Article 175 of the Company Act.

Article 4

If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall be held in accordance with the procedures set in the agenda, and may not be changed without the resolution of the shareholders' meeting. Unless a resolution has been passed, the chair may not adjourn the meeting before the conclusion of the two preceding paragraphs on the agenda; and after the meeting is adjourned, the shareholders may not nominate another chair or seek another venue for continuation of the meeting.

Article 5

Before an attending shareholder speaks, their attendance card number and name must be marked on a speaker slip. The order in which shareholders speak will be set by the chair. The speech of an attending shareholder shall not exceed five minutes at a time, but may be extended for three minutes with the consent of the chairperson. Each person may not speak more than twice on the same motion.

Article 6

If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the board of directors. If the chairperson of the board of directors is on leave for any reason and is unable to exercise the powers of the meeting, the vice chairperson shall chair the meeting. In the absence of the vice chairperson, the chairperson may designate a director to chair the meeting. If the Chairperson does not appoint a representative, the directors shall elect one among themselves to serve as their representative. Any party with power to convene the shareholders' meeting other than the Board of Directors shall preside over the meeting. If there are two or more convening parties, they shall mutually select a chair from among themselves.

If a managing director or a director serves as chair in the preceding paragraph, the managing director or director shall be the one who has held the position for more than six months and understands the financial and business conditions of the company. The same shall apply to a representative who is a legal person director.

Article 7

The Company shall make continuous audio and video recordings of the registration process of shareholders, the progress of the meeting, and the process of voting and vote counting from the time it accepts the registration.

The aforementioned audiovisual data shall be retained for at least one year. However, if a lawsuit is filed by a shareholder in accordance with Article 189 of the Company Act, the records shall be retained until the end of the lawsuit.

Article 8

When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 9

If a proposal is approved by a majority of the votes represented by the attending shareholders, it shall be deemed approved if no objection is raised by the chair at the time of voting, and the effect shall be the same as that of a poll. If the chair announces the adjournment of the shareholders' meeting in violation of the rules of procedure at the time of the meeting, a person may be elected as the chair by a majority of the votes represented by the attending shareholders and the meeting may continue.

Article 10

During a meeting, the chair may announce a break based on time considerations.

Article 11

The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9:00 a.m. or later than 3:00 p.m.

Article 12

The Company may appoint its appointed lawyers, certified public accountants or related personnel to attend the shareholders' meeting in a non-voting capacity.

Article 13

When a legal person is entrusted to attend a shareholders' meeting, the legal person shall appoint only one representative to attend the shareholders' meeting. When a legal person shareholder designates two or more representatives to attend the shareholders' meeting, only one person may speak on the same proposal.

Article 14

If an attending shareholder has spoken, the chair may respond in person or designate relevant personnel to respond.

Article 15

The chair shall appoint the scrutineers and ballot counters for the votes on the agenda. However, the scrutineers shall be shareholders of the Company. The results of the votes shall be reported onsite and recorded.

Article 16

Matters not provided for in these Rules shall be governed by the Company Act and the Company's Articles of Incorporation.

Article 17

The votes for voting or election shall be counted in public at the venue of the shareholders' meeting, and the voting results, including the number of votes, shall be announced on the scene immediately after the completion of the counting and recorded as a record.

The election of directors and independent directors at a shareholders' meeting shall be held in accordance with the relevant election rules established by the Company, and the election results shall be announced on the spot, including the list of elected directors and independent directors, the number of votes with their votes, the list of directors not elected, and the list of independent directors and their number of voting rights.

Article 18

Any matters not covered by these rules may be amended at any time.

Attachment 18:

Froch Enterprise Co., Ltd.

Regulations Governing the Election of Directors

- Article 1: The election of directors of this company shall be conducted in accordance with these procedures.
- Article 2: The election of directors of this company shall adopt the cumulative voting method, wherein each share carries the right to vote for the same number of directors to be elected. The votes may be concentrated on a single candidate or distributed among multiple candidates. The voting may be indicated by the attendance certificate number printed on the ballot.
- Article 3: At the commencement of the election, the chair shall appoint the vote counters and tally counters, as necessary, to carry out related tasks.
- Article 4: The directors of the Company shall be elected according to the number of seats specified in the company's articles of incorporation. The candidate receiving the most votes will be elected as independent director or non-independent director in order. The votes for directors shall be counted separately for independent directors and non-independent directors. In case two or more candidates receive the same number of votes or exceed the prescribed number of seats, the election will be decided by drawing lots among those with the same number of votes. If a shareholder is absent, the chair shall draw lots on their behalf.
- Article 5: The election ballots shall be issued by the Board of Directors according to the attendance certificate number. One ballot shall be issued for each attendee, with the number of ballots matching the number of directors to be elected. The proportion of voting rights for each shareholder shall be indicated on each ballot.
- Article 6: The voter must fill in the name of the candidate in the "Candidate" field on the ballot and may also include the shareholder's account number.
- Article 7: The following types of ballots shall be deemed invalid:
- (I) Ballots not issued in accordance with the provisions of Article 5.
 - (II) Ballots listing more than one candidate in the "Candidate" field.
 - (III) Ballots containing additional text other than the candidate's name and shareholder account number.
- Article 8: A candidate's ballot shall be deemed invalid if any of the following conditions occur:
- (I) The handwriting is illegible and cannot be recognized.
 - (II) The name of the candidate filled in does not match the name listed in the shareholder

register.

(III) The name of the candidate filled in is identical to that of another shareholder without a distinguishable shareholder account number.

Article 9: After voting is completed, the ballots shall be counted on-site, and the results shall be announced by the chair.

Article 10: Directors who are elected shall receive a notice of election from the Board of Directors.

Article 11: These procedures may be amended at any time to address matters not covered herein.

Article 12: These procedures shall take effect upon approval by the shareholders' meeting and the same shall apply to amendments.