



**Tycoons Group Enterprise Company Limited**

**2023 Annual General Meeting  
Meeting Handbook**

**9.00 a.m., May 30, 2023  
No. 79-1, Xinle St., Gangshan Dist., Kaohsiung City 820, Taiwan (R.O.C.)  
(meeting room of the Company)**

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# **Tycoons Group Enterprise Company Limited**

## **Meeting Procedure for 2023 Annual General Shareholders' Meeting**

- I.** Call Meeting to Order (when the attending shareholders representing the number of attending voting rights has met the regulatory cut-off requirement)
- II.** Chairperson's Address
- III.** Report Items
- IV.** Ratification Items
- V.** Discussion Items
- VI.** Extraordinary Motions
- VII.** Adjournment

# **Tycoons Group Enterprise Company Limited**

## **Agenda of 2023 Annual General Shareholders' Meeting**

Meeting type: Physical shareholders meeting.

Time: May 30, 2023 (Thursday), 9.00 a.m.

Venue: No. 79-1, Xinle St., Gangshan Dist., Kaohsiung City 820, Taiwan (R.O.C.)  
(meeting room of the Company)

### Chairperson Remarks

#### **One. Report Items:**

- I.** Business Report for 2022.
- II.** Audit Committee's Review Report of Audited Financial Statements for 2022.

#### **Two. Ratification Items:**

- I.** Ratification for Business Report and Financial Statements for 2022.
- II.** Ratification for Accumulated Losses Offsetting Proposal for 2022.

#### **Three. Discussion Items:**

- I.** Discussion of Capital Reduction to Offset Losses.

#### **Four. Extraordinary Motions**

#### **Five. Adjournment**

## One. [Report Items]

### **I. Business Report for 2022.**

#### **(I) Implementation Status of Business Plans**

During 2022, the rising inflation, austerity and impact of geopolitics pushed up the energy price and the cost of iron ore and coal. Also, due to the sluggish demand in the international steel market, the steel price declined. The continuous destocking of the downstream customers resulted in the decrease in sales of steel products. However, due to undesirable destocking of the downstream screws industry, the export of screws did not meet the expectation, which had a negative impact on the Company's sales of wire rods products and fabrication of wires. In addition, the rising cost of raw materials led to a shrinking profit margin. The 2022 individual operating revenue of the Tycoons Group was \$1,225 million, decreasing by \$2,492 million and 50.84% year-to-year, and the consolidated operating revenue was \$9,616 million, decreasing by \$10,700 million and 10% year-to-year. The net loss after tax was \$120 million, and the net loss after tax per share was \$0.25.

Looking forward to the future, with a gradual rise of the international steel market, the continuous promotion of infrastructure in different countries, and the reopening of Mainland China from the epidemic, all of them will benefit the global manufacturing market recovery. Besides, the expected demand of end-user is positive, the willingness of inventory replenishment increases, and the market transaction tends to be active. As a result, the steel market in middle and long-term is expected to be optimistic.

Unit: NTD thousand

Profit or Loss Item	2022	%	2023	%	Increase/ Decrease	%
Operating Revenues	1,225,298	100	2,492,433	100	(1,267,135)	(51)
Operating Cost	(1,231,012)	(100)	(2,214,103)	(89)	983,091	(44)
Gross Profit	(5,714)	-	278,330	11	(284,044)	(102)
Unrealized Loss from Sales	(11,892)	(2)	(3,294)	-	(8,598)	261
Realized Gain from Sales	9,326	1	3,712	-	5,614	151
Gross Profit - Net	(8,280)	(1)	278,748	11	(287,028)	(103)
Operating Expenses	(109,488)	(9)	(115,484)	(4)	5,996	(5)
Profit from Operations	(117,768)	(10)	163,264	7	(281,032)	(172)
Non-operating Income and Expenses	3,319	-	304,937	12	(301,618)	(99)
Profit (Loss) before Income Tax	(114,449)	(10)	468,201	19	(582,650)	(124)
Net Profit (Loss) for the Year	(120,371)	(10)	425,914	17	(546,285)	(128)
Earning (Loss) per share	(0.25)		0.89			

## (II) Financial Income and Loss

Unit: NTD thousand

Item	2022	2021	Increase /decrease
Net cash generated from (used in) operating activities	97,528	685,972	(588,444)
Net cash generated from (used in) investing activities	(143,237)	550,430	(693,667)
Net cash generated from (used in) financing activities	52,703	(876,438)	929,141

1. The net cash inflow from operating activities decreased compared to the previous period, mainly due to a decrease in income before tax for the current period.
2. Net cash inflow from investing activities decreased as compared to the previous period, mainly due to capital reduction undertaken by investee companies accounted for using the equity method in previous year. Share capital was paid back to the Company.
3. Net cash outflow in financing activities decreased compared to the previous period, mainly due to a decrease in repayments made for long-term and short-term borrowings in the current year.

### (III) Profitability Analysis

Item	2022	2020
Return on assets (%0	9.66	(3.41)
Return on equity (%)	11.28	(4.42)
Net margin (%)	17.09	(15.75)

In 2022, the Company saw a net loss. As such the profitability ratios for the year are all negative.

### (IV) Research and development:

Due to the change in business environment, the Company shall continue to improve its production processes and develop new products.

### (V) Future business strategy and important production and marketing policies:

1. The wire rods sales business focused on the field of wire rods and wires. The Company expanded the OEM works of the pickling process and made efforts to increase orders of wires.
2. With the improved heat treatment equipment, the productivity increased. The Company tried our best to win the orders and increase the amount of OEM works.
3. For the domestic market of shear studs, as domestic infrastructure projects continue to be promoted, the Company seeks to stabilize product quality and enhance the punctuality of deliveries to actively expand the market.

### (VI) Execution of budget: Not applicable.

## (VII) Reasonableness of the remuneration of directors in 2022:

1. In accordance with April 18, 2023 Letter No. Taiwan-Stock-Listing-I-1121801644 of the Taiwan Stock Exchange Corporation.
2. The Company's consolidated net income (loss) after tax attributable to owners of the parent company for 2022 decreased by NT\$546,286 thousand (a 128% decrease) compared to the same period in 2021, but the average amount of remuneration per director (excluding remuneration for part-time employees) paid by all companies in the consolidated financial statements for 2022 increased by NT\$233 thousand (a 59% increase) compared to 2021, and the reasonableness of the remuneration of directors for 2022 is as follows:
  - (1) The Company had a loss after tax for 2022 and therefore did not distribute the remuneration of employees and directors.
  - (2) In November 2021, the remuneration of directors of the Company was increased due to the low remuneration of directors compared to the industry in previous years, but the responsibilities of independent directors and directors are increasing and the Company's profit performance in 2021 was good. After the increase, the average monthly remuneration of each director of the Company is NT\$34,000, which is still among the low level in the steel industry.
  - (3) To sum up, the increase in the remuneration of directors in 2022 is mainly due to the increase in the monthly remuneration of directors, and the amount of the increase is also based on the level of remuneration of directors among the steel industry, so the increase in the remuneration of directors in 2022 is reasonable.

## (VIII) Future prospects

The inflation has cooled down recently. The pace of the U.S. interest rate hikes has slowed down. The negative impact on the economy has been reduced. It indicates that the global economy is more optimistic than it was expected previously. With a gradual rise of the international steel market, continuous promotion of infrastructure in different countries, and reopening of Mainland China from the epidemic, all of them will benefit the rebound of the global manufacturing market. The wire rods market demand is expected to recover, but the current overall condition does not restore to the peak season level. The screw fabrication still needs to wait for destocking, the willingness of inventory replenishment to increase, and the demand of steel to be stable, to bring profit to the Company.

In the future, we shall deepen product planning and pursue cost reduction to maintain our core competitive advantages in the steel industry. By upholding the philosophy of self-surpassing, the Company pursues product diversification and enhancement of operating efficiency to cater to the rapid changing market and create more profit for the shareholders.

Tycoons Group Enterprise Company Limited

Chairwoman: Huang, Wen-Sung  
President: Lu, Yen-Chuan  
Finance Director: Chou, Pi-Wan

## **II. Audit Committee's Review Report of Audited Financial Statements for 2022.**

### **Audit Committee's Review Report**

The Audit Committee has reviewed the business reports, financial reports and accumulated losses offsetting proposal for 2022 prepared and submitted by the Company and found no material misstatement. In accordance with the Company Act, Article 219 and the Securities and Exchange Act, Article 14-4, the Committee thus submits the review report.

For

2023 Annual General Shareholders' Meeting

Tycoons Group Enterprise Company Limited

Convener of Audit Committee: Wei, Gong-Ao

March 14, 2023

## Two. [Ratification Items]

Proposal 1 (Proposed by the Board of Directors)

Proposal: Ratification for business report and financial statements for 2022.

Description: The financial statements for 2022 had been reviewed by the Audit Committee and resolved by the Board of Directors. Furthermore, certified public accountants, Lin Chi-Ping and Wu, Hsin-Liang from Baker Tilly Clock & Co had conducted an audit and issued an independent auditor's report for the financial statements (see pages 12-36 of the Meeting Handbook, Attachment 1). The Audit Committee had also reviewed the business report (see pages 3-7 of the Meeting Handbook) and issued a report.

Resolution:

Proposal 2 (Proposed by the Board of Directors)

Proposal: Ratification for Accumulated Losses Offsetting Proposal for 2022.

Description: The accumulated losses offsetting proposal for 2022 is as follows.

### Tycoons Group Enterprise Company Limited Deficit Compensation Statement 2022

Item	Unit: NTD \$ Amount
Beginning balance of accumulated losses	\$ (1,321,322,038)
Net loss after tax for the period	(120,370,955)
Actuarial gains and losses on defined benefit plan	(393,470)
Add: Offset losses with legal reserve	16,248,074
Deficit yet to be compensated – at the end of 2022	<u><u>\$ (1,425,838,389)</u></u>

Chairwoman: Huang, Wen-Sung

President: Lu, Yen-Chuan

Finance Director: Chou, Pi-Wan

Resolution:

### Three. [Discussion Items]

Proposal 1 (Proposed by the Board of Directors)

Proposal: Proposal for a capital reduction plan to offset company losses. Please proceed to resolve.

Description:

- (I) As of December 31, 2022, the accumulated loss was NT\$1,425,838,389. In order to increase the net value per share and improve the capital structure, it is proposed to conduct capital reduction, with a total amount of NT\$1,425,838,380 and 142,583,838 shares to be cancelled. Calculated based on the current paid-in capital which amounted to NT\$4,797,519,760, the cancellation ratio is approximately 29.7203232%. If there are any factors on a later date that results in a change of outstanding shares and leads to a change in the cancellation ratio, the chairperson is authorized to make adjustment to the cancellation ratio.
- (II) The capital reduction shall be calculated based on the number of shares held by each shareholder recorded on the Company's shareholders roster by the record date. 297.203232 shares will be cancelled for per 1,000 shares held, i.e., 702.796768 shares may be obtained in the stock swap with per 1,000 original shares held. For fractional shares fewer than one shares, shareholders holding such shares may, during the period from five days prior to book closure date of the capital reduction to one day prior to the said date, apply for combination of the shares at the stock transfer agency of the Company; fractional shares under a common stock not combined or unable to be combined into one share will be commuted based on face value of stock into cash in the unit of NT\$, portions lower than NT\$1 will be round off. The shares will be open for subscription by specific person or persons at the said face value following their negotiation with the Company's chairperson under authorization.
- (III) The paid-in capital after capital reduction will be NT\$3,371,681,380, with a face value of NT\$10 and a total outstanding share of 337,168,138 shares.
- (IV) The Company hereby proposes to file the capital reduction plan with the competent

authority for approval after the resolution by the Shareholders' Meeting and authorize the chairperson to set up a reduction record date and a record date for share swap under reduction and conduct the relative procedures.

(V) It is proposed to authorize the chairperson to handle the change and amendment to the capital reduction, if any, due to revisions of applicable regulations by competent authority, or in response to changes in the circumstances by other objective factors required.

(VI) The shares issued under the cash capital reduction will be paperless shares with rights and obligations to holders identical to previously issued shares.

(VII) According to Letter Securities-Protection-Legal-No.1120000828 from the Securities and Futures Investors Protection Center on March 23, 2023, supplementary descriptions of the capital reduction of the Company are made. Please refer to Attachment 2, page 37-39 of this meeting agenda. It is proposed for resolution.

Resolution:

#### Four. [Extraordinary Motions]

#### Five. [Adjournment]

INDEPENDENT AUDITORS' REPORT

NO.11351110EA

To the Board of Directors of Tycoons Group Enterprise Co., Ltd.,

**Opinion**

We have audited the accompanying parent company only financial statements of Tycoons Group Enterprise Co., Ltd. (“the Company”), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter paragraph), 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, 2022 and 2021, 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.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards in 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 (“the Norm”), and we have fulfilled our other ethical

responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained, inclusive of the reports from other auditors, 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, 2022. 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.

#### **1. Inventories Valuation**

Refer to Notes 4(5) and 6(4) to the parent company only financial statements for the accounting policies and the details of the information about inventories.

##### Description of the key audit matter

In the parent company only financial report, the inventory is measured at the lower cost or net realizable value. The Company is principally engaged in the production of metal products such as screws, nuts and washers. The value of inventories is susceptible to fluctuations in the price of the demand market and the speed of change of the respective industries. The sales of products may fluctuate violently, resulting in inventory obsolescence losses and expired losses, there is a risk that inventory costs may exceed the net realizable value.

##### How the matter was addressed in our audits

- Review the aging schedule of inventories and analysis the changes.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management.
- Obtain the quantity data of inventory at the end of the period and compare it with the inventory and actually observe the inventory to verify the existence and completeness of inventory.
- By understanding the sale price made by management and the situation of market price after the accounting period to evaluate the reasonableness of inventory net

realizable value and compare the recent sales price or purchase cost of the inventories with the cost of the book to confirm that the inventories have been evaluated at the lower of cost or realizable value.

- Evaluate the fairness of the disclosure of allowance for inventories valuation.

## **2. Revenue recognition**

Refer to Notes 4(11) and 6(11) to the parent company only financial statements for the accounting policies and the details of information about revenue recognition.

### **Description of the key audit matter**

Revenue recognition when the risks and rewards of product transfer of and recorded amount directly affect the annual profit and loss of the Company. The Company and its clients have different trading conditions, we should identify the transfer of risks and rewards in accordance with trading conditions to recognize revenue. Therefore, there is a risk of revenue being recognized at an inappropriate amount or earlier than appropriate.

### **How the matter was addressed in our audits**

- Understand and test the Company's internal control related to revenue recognition.
- Understand the income type and trading conditions of the Company, to assess whether the accounting policy of revenue being recognized at the time is appropriate.
- By the sampling method, examine supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.

## **Other Matter**

### **Making reference to the audits of component auditors**

We did not audit the financial statements of certain subsidiaries, associates and joint ventures accounted for using the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein are based solely on the reports of other auditors. The subsidiaries, associates and joint ventures accounted for under the equity method amounted to \$720,463 thousand and \$655,976 thousand, representing 20% and 18% of total assets as of December 31, 2022 and 2021, respectively. And the related share of

profit from the subsidiaries, associates and joint ventures accounted for under the equity method amounted to \$(141,129) thousand and \$(82,443) thousand, representing 123% and (18)% of the (loss) profit before income tax of the Company for the year ended December 31, 2022 and 2021, respectively.

### **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 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 members of 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 auditing standards in 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 auditing standards in the Republic of China, we exercise professional judgment and 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 the 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 Company 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, 2022 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.

Baker Tilly Clock & Co

Chi-Ping Lin, CPA

Hsin-Liang Wu, CPA

March 14, 2023

The accompanying financial statements are intended only to present the financial position, financial performance and its cash flow in accordance with the 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 financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between or any difference in the interpretation of the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

TYCOONS GROUP ENTERPRISE CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan Dollars)

ASSETS	NOTES	December 31,2022		December 31,2021	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	\$ 420,180	11	\$ 413,186	11
Financial assets at fair value through profit or loss, current	6(2)	5,931	—	5,582	—
Notes receivable, net	6(3)	27,906	1	24,937	1
Accounts receivable, net	6(3),7	137,242	4	155,896	5
Other receivables	7	3,783	—	75,261	2
Current tax assets	6(15)	118	—	—	—
Inventories	6(4)	237,068	6	142,990	4
Prepayments	7	27,022	1	214,145	6
Other current assets		5,605	—	795	—
Total current assets		864,855	23	1,032,792	29
NON-CURRENT ASSETS					
Investments accounted for using the equity method	6(5)	2,148,300	58	1,982,410	55
Property, plant and equipment	6(6),8	603,785	17	540,756	15
Right-of-use asset	6(7)	15,613	—	2,648	—
Deferred income tax assets	6(15)	1,707	—	7,914	—
Prepayments for business facilities		32,420	1	11,694	—
Guarantee deposits paid		3,104	—	402	—
Other non-current financial assets		20,662	1	19,935	1
Total non-current assets		2,825,591	77	2,565,759	71
TOTAL		\$ 3,690,446	100	\$ 3,598,551	100

(Continued)

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

TYCOONS GROUP ENTERPRISE CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	NOTES	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
CURRENT LIABILITIES					
Contract liabilities, current		\$ 5,629	—	\$ 1,863	—
Notes payable		56,453	2	60,489	2
Accounts payable	7	40,375	1	13,397	—
Other payables		27,480	1	31,261	1
Current income tax liabilities	6(15)	—	—	23,353	1
Lease liabilities, current	6(7)	6,887	—	1,324	—
Other current liabilities, other		589	—	532	—
Total current liabilities		137,413	4	132,219	4
NON-CURRENT LIABILITIES					
Deferred tax liabilities	6(15)	17,407	—	—	—
Lease liabilities, non-current	6(7)	8,961	—	1,338	—
Long-term accounts payable	7	55,153	2	—	—
Guarantee deposits received		1,041	—	104	—
Total non-current liabilities		82,562	2	1,442	—
Total liabilities		219,975	6	133,661	4
EQUITY					
Share capital	6(9)	4,797,520	130	4,797,520	133
Capital surplus	6(9)	30,629	1	7,722	—
Retained earnings	6(9)				
Legal reserve		16,248	—	16,248	—
Accumulated deficit		(1,442,086)	(39)	(1,321,322)	(36)
Other equity interest	6(9)	68,160	2	(35,278)	(1)
Total equity		3,470,471	94	3,464,890	96
TOTAL		\$ 3,690,446	100	\$ 3,598,551	100

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

TYCOONS GROUP ENTERPRISE CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan Dollars)

ITEMS	NOTE	For the Years Ended December 31			
		2022		2021	
		Amount	%	Amount	%
OPERATING REVENUES	6(11),7	\$ 1,225,298	100	\$ 2,492,433	100
OPERATING COSTS	6(16),7	(1,231,012)	(100)	(2,214,103)	(89)
GROSS PROFIT FROM OPERATIONS		(5,714)	—	278,330	11
Unrealized loss from sales		(11,892)	(2)	(3,294)	—
Realized profit on from sales		9,326	1	3,712	—
Gross profit from operations		(8,280)	(1)	278,748	11
OPERATING EXPENSES	6(16)				
Selling expenses		(34,387)	(3)	(43,584)	(2)
General administrative expenses		(75,101)	(6)	(71,900)	(2)
Total operating expenses		(109,488)	(9)	(115,484)	(4)
NET OPERATIONS PROFIT		(117,768)	(10)	163,264	7
NON-OPERATING INCOME AND EXPENSES					
Interest income		2,658	—	2,983	—
Other income	6(12)	2,875	—	3,244	—
Other gains and losses	6(13)	(5,359)	—	(8,051)	—
Finance costs	6(14)	(352)	—	(4,778)	—
Share of the profit of associated for using the equity method	6(5)	3,497	—	311,539	12
Total non-operating income and expenses		3,319	—	304,937	12
(LOSS) PROFIT BEFORE INCOME TAX		(114,449)	(10)	468,201	19
TAX EXPENSE	6(15)	(5,922)	—	(42,287)	(2)
(LOSS) PROFIT		(120,371)	(10)	425,914	17
OTHER COMPREHENSIVE INCOME (LOSS)					
Components of other comprehensive income that will not be reclassified to profit or loss					
Unrealized gain from investments in equity instruments measured at fair value through other comprehensive income		—	—	1,565	—
Share of the other comprehensive (loss) income of subsidiaries and associates		5,549	—	(13,126)	—
Components of other comprehensive income that will be reclassified to profit or loss					
Exchange differences arising on translation of foreign operations		121,870	10	(362,298)	(15)
Income tax (expense) benefit related to items that may be reclassified subsequently	6(15)	(24,374)	(2)	107,215	4
Other comprehensive income		103,045	8	(266,644)	(11)
TOTAL COMPREHENSIVE (LOSS) INCOME		\$ (17,326)	(2)	\$ 159,270	6
EARNING PER SHARE	6(10)				
BASIC (LOSS) EARNINGS PER SHARE		\$ (0.25)		\$ 0.89	

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

TYCOONS GROUP ENTERPRISE CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	Common Stock	Capital Surplus	Retained earnings		Other equity interests		Total equity
			Legal reserve	Accumulated deficits	Exchange differences on translation of foreign financial statements	Unrealized (losses) gains on financial assets measured at fair value through other comprehensive income	
BALANCE, JANUARY 1, 2021	\$ 4,797,520	\$ 340,560	\$ 16,248	\$ (1,484,846)	\$ 400,992	\$ 15,626	\$ 4,086,100
Net income for the year ended December 31, 2021	—	—	—	425,914	—	—	425,914
Other comprehensive income for the year ended December 31, 2021, net of income tax	—	—	—	(71)	(255,083)	(11,490)	(266,644)
Total comprehensive (loss) income	—	—	—	425,843	(255,083)	(11,490)	159,270
The differences between the fair value of consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of subsidiaries	—	(332,838)	—	(271,629)	(173,777)	(2,236)	(780,480)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	—	—	—	9,310	—	(9,310)	—
BALANCE, DECEMBER 31, 2021	4,797,520	7,722	16,248	(1,321,322)	(27,868)	(7,410)	3,464,890
BALANCE, JANUARY 1, 2022	4,797,520	7,722	16,248	(1,321,322)	(27,868)	(7,410)	3,464,890
Net loss for the year ended December 31, 2022	—	—	—	(120,371)	—	—	(120,371)
Other comprehensive income for the year ended December 31, 2022, net of income tax	—	—	—	(393)	97,496	5,942	103,045
Total comprehensive (loss) income	—	—	—	(120,764)	97,496	5,942	(17,326)
The differences between the fair value of consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of subsidiaries	—	22,907	—	—	—	—	22,907
BALANCE, DECEMBER 31, 2022	\$ 4,797,520	\$ 30,629	\$ 16,248	\$ (1,442,086)	\$ 69,628	\$ (1,468)	\$ 3,470,471

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

TYCOONS GROUP ENTERPRISE CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit (loss) before income tax	\$ (114,449)	\$ 468,201
Adjustments		
Adjustments for:		
Depreciation expense	36,565	25,138
Net loss on financial assets at fair value through profit or loss	2,492	24
Interest expense	352	4,778
Interest income	(2,658)	(2,983)
Dividend income	(60)	—
Share of the profit of subsidiaries and associates	(3,497)	(311,539)
(Gain) loss on disposal and write-off of property, plant and equipment	(1,041)	327
Loss (gain) on disposal of investments	95	(855)
Impairment loss of non-financial assets	5,764	3,934
Realized gain on the transactions with subsidiaries and associates	2,566	(418)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	—	724
Notes receivable	(2,969)	(9,673)
Accounts receivable	18,654	(95,901)
Other receivables	71,454	172,152
Inventories	(94,078)	(34,859)
Prepayments	187,123	617,800
Other current assets	(4,810)	1,730
Contract liabilities	3,765	(128,241)
Notes payable	(4,036)	1,659
Accounts payable	26,978	(15,578)
Other payables	(2,916)	(10,908)
Other current liabilities, other	57	(77)

(Continued)

TYCOONS GROUP ENTERPRISE CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	2022	2021
Cash generated from by operations	\$ 125,351	\$ 685,435
Interest received	2,682	6,278
Interest paid	(352)	(5,236)
Income taxes paid	(30,153)	(505)
Net cash generated by operating activities	97,528	685,972
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of financial assets at fair value through other comprehensive income	—	9,310
Acquisition of financial assets at fair value through profit or loss	(4,850)	(13,151)
Proceed from the disposal of financial assets at fair value through profit or loss	1,914	7,678
Proceeds from sale of financial assets at amortized cost	—	170,880
Acquisition of investments accounted for the using equity method	(14,632)	(31,095)
Proceeds from disposal of investments accounted for using the equity method	—	56,607
Proceeds from the capital reduction of investment accounted for using the equity method	—	399,927
Acquisition of property, plant and equipment	(55,071)	(27,240)
Proceeds from disposal of property, plant and equipment	2,276	800
Increase in refundable deposits	(2,702)	(168)
(Increase) decrease in other financial assets	(727)	8,893
Increase in prepayment for business facilities	(69,505)	(32,011)
Dividend received	60	—
Net cash flows (used in) generated by from investing activities	(143,237)	550,430
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term borrowings	—	(410,000)
Decrease in short-term notes and bills payable	—	(49,951)
Repayments of bonds	—	(200,000)
Decrease in long-term borrowings	—	(50,000)
Increase in receivable deposits	937	—
Increase (decrease) in long-term accounts payables	55,153	(165,178)
Payment of lease liabilities	(3,387)	(1,309)
Net cash flow generated by (used in) from financing activities	52,703	(876,438)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	6,994	359,964
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	413,186	53,222
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	\$ 420,180	\$ 413,186

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

## INDEPENDENT AUDITORS' REPORT

NO.11351110ECA

To the Board of Directors of Tycoons Group Enterprise Co., Ltd.,

### **Opinion**

We have audited the accompanying consolidated financial statements of Tycoons Group Enterprise Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, 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 the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards in 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 (“the Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained,

inclusive of the reports from other auditors, 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, 2022. 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.

#### **1. Inventories Valuation**

Refer to Note 4(6) and 6(6) to the consolidated financial statements for the accounting policies and the details of the information about inventories.

##### Description of the key audit matter

In the consolidated financial report, the inventory is measured at the lower cost or net realizable value. The Group is principally engaged in the production of metal products such as screws, nuts and washers. The value of inventories is susceptible to fluctuations in the price of the demand market and the speed of change of the respective industries. The sales of products may fluctuate violently, resulting in inventory obsolescence losses and expired losses, there is a risk that inventory costs may exceed the net realizable value.

##### How the matter was addressed in our audits

- Review the aging schedule of inventories and analysis the changes.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management.
- Obtain the quantity data of inventory at the end of the period and compare it with the inventory and actually observe the inventory to verify the existence and completeness of inventory.
- By understanding the sale price made by management and the situation of market price after the accounting period to evaluate the reasonableness of inventory net realizable value and compare the recent sales price or purchase cost of the

inventories with the cost of the book to confirm that the inventories have been evaluated at the lower of cost or realizable value.

- Evaluate the fairness of the disclosure of allowance for inventories valuation.

## **2. Revenue recognition**

Refer to Notes 4(16) and 6(16) to the consolidated financial statements for the accounting policies and the details of information about revenue recognition.

### Description of the key audit matter

Revenue recognition is when the risks and rewards of product transfer and recorded amount directly affects the annual profit and loss of the Group. The Group and its clients have different trading conditions, we should identify the transfer of risks and rewards in accordance with trading conditions to recognize revenue. Therefore, there is a risk of revenue being recognized at an inappropriate amount or earlier than appropriate.

### How the matter was addressed in our audits

- Understand and test the Group's internal control related of revenue recognition.
- Understand the income types and trading conditions of the Group, to assess whether the accounting policies of revenue being recognized at the time is appropriate.
- By the sampling method, examine supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.

## **Other Matter**

### Making reference to the audits of component auditors

We did not audit the financial statements of certain consolidated subsidiaries of the Group. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements relative to these consolidated subsidiaries was based solely on the reports of other auditors. The total assets of the subsidiaries amounted to NT\$366,229 thousand and NT\$309,975 thousand, both representing 4% of total consolidated assets as of December 31, 2022 and 2021. And

the total revenues of the subsidiaries amounted to NT\$42,501 thousand and NT\$82,483 thousand, representing 0% and 1% of total consolidated revenues for the years ended December 31, 2022 and 2021, respectively.

We did not audit the financial statements of associates and joint ventures accounted for under the equity method. These financial statements were audited by other auditors, the associates and joint ventures accounted for under the equity method amounted to \$544,596 thousand and \$482,284 thousand, both representing 6% of total consolidated assets as of December 31, 2022 and 2021. And the related share of profit from the associates and joint ventures accounted for under the equity method amounted to \$(130,788) thousand and \$(91,241) thousand, representing (63)% and (92)% of the consolidated comprehensive income (loss) for the years ended December 31, 2022 and 2021, respectively.

#### Parent company only financial statements

We have also audited the parent company only financial statements of Tycoons Group Enterprise Co., Ltd. as of and for the years ended December 31, 2022 and 2021 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 Issuer and the IFRSs, IASs, 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 members of 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 auditing standards in 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 auditing standards in the Republic of China, we exercise professional judgment and 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 the 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, 2022 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.

Baker Tilly Clock & Co

Chi-Ping Lin, CPA

Hsin-Liang Wu, CPA

March 14, 2023

#### Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flow 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 review such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent accountants' review 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 independent auditors' report and consolidated financial statements in Chinese shall prevail.

TYCOONS GROUP ENTERPRISE CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan Dollars)

ASSETS	NOTES	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6(1)	\$ 1,206,169	14	\$ 1,114,549	13
Financial assets at fair value through profit or loss, current	6(2)	5,931	—	15,631	—
Financial assets at amortized cost, current	6(4),8	—	—	16,978	—
Notes receivable, net	6(5)	63,118	1	118,725	1
Accounts receivable, net	6(5),7	543,240	6	666,233	8
Other receivables	7	92,295	1	91,139	1
Current tax assets	6(20)	118	—	1,423	—
Inventories	6(6),8	2,304,326	27	2,652,455	30
Prepayments		102,633	1	123,853	2
Non-current assets or disposal groups classified as held for sale	6(7)	48,959	1	—	—
Other current assets		7,563	—	4,548	—
Total current assets		4,374,352	51	4,805,534	55
<b>NON-CURRENT ASSETS</b>					
Financial assets at fair value through other comprehensive income, non-current	6(3)	98,071	1	85,307	1
Financial assets at amortized cost, non-current	6(4),8	31,056	—	50,024	1
Investments accounted for using the equity method	6(8),8	544,596	7	482,284	6
Property, plant and equipment	6(9),8	3,101,082	36	3,001,613	34
Right-of-use assets	6(10),8	36,076	1	46,485	1
Investment property	6(11)	202,083	2	190,043	2
Intangible assets		8,806	—	9,221	—
Deferred tax assets	6(20)	40,108	1	16,382	—
Guarantee deposits paid		5,413	—	2,406	—
Other non-current financial assets		20,662	—	19,935	—
Other non-current assets, other		58,708	1	24,749	—
Total non-current assets		4,146,661	49	3,928,449	45
<b>TOTAL</b>		<b>\$ 8,521,013</b>	<b>100</b>	<b>\$ 8,733,983</b>	<b>100</b>

(Continued)

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

TYCOONS GROUP ENTERPRISE CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	NOTES	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
<b>CURRENT LIABILITIES</b>					
Current borrowings	6(12),8	\$ 1,319,373	16	\$ 1,724,048	20
Financial liabilities at fair value through profit or loss, current	6(2)	53,694	1	1,414	—
Contract liabilities, current		113,164	1	133,599	1
Notes payable		106,294	1	104,638	1
Accounts payable		108,335	1	224,178	3
Other payables		149,477	2	145,181	2
Current tax liabilities	6(20)	28,841	—	28,328	—
Liabilities related to non-current assets or disposal groups classified as held for sale	6(7)	7,609	—	—	—
Lease liabilities, current	6(10)	6,887	—	1,324	—
Other current liabilities, other		55,075	1	4,791	—
Total current liabilities		1,948,749	23	2,367,501	27
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liabilities	6(20)	17,407	—	—	—
Lease liabilities, non-current	6(10)	8,962	—	1,338	—
Net defined benefit liabilities, non-current	6(13)	46,763	1	36,539	1
Guarantee deposits received		12,098	—	10,921	—
Total non-current liabilities		85,230	1	48,798	1
Total liabilities		2,033,979	24	2,416,299	28
<b>EQUITY ATTRIBUTABLE TO OWNERS OF PARENT</b>	6(14)				
Share capital		4,797,520	57	4,797,520	55
Capital surplus	6(14)	30,629	—	7,722	—
Retained earnings	6(14)				
Legal reserve		16,248	—	16,248	—
Accumulated deficit		(1,442,086)	(17)	(1,321,322)	(15)
Other equity interests	6(14)	68,160	1	(35,278)	—
Total equity attributable to owners of the parent		3,470,471	41	3,464,890	40
<b>NON-CONTROLLING INTERESTS</b>	6(14)	3,016,563	35	2,852,794	32
Total equity		6,487,034	76	6,317,684	72
<b>TOTAL</b>		<b>\$ 8,521,013</b>	<b>100</b>	<b>\$ 8,733,983</b>	<b>100</b>

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

TYCOONS GROUP ENTERPRISE CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED ON DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan Dollars)

ITEMS	NOTE	For the Years Ended December 31			
		2022		2021	
		Amount	%	Amount	%
OPERATING REVENUES	6(16),7	\$ 9,616,117	100	\$ 10,700,393	100
OPERATING COSTS	6(21),7	(8,999,045)	(94)	(9,294,385)	(87)
GROSS PROFIT FROM OPERATIONS		617,072	6	1,406,008	13
OPERATING EXPENSES	6(21)				
Selling expenses		(213,467)	(2)	(233,238)	(2)
Administrative expenses		(288,217)	(3)	(259,879)	(3)
Research and development expenses		(9,421)	—	(7,363)	—
Expected credit impairment gain	6(5)	8,460	—	15,785	—
Total operating expenses		(502,645)	(5)	(484,695)	(5)
NET OPERATIONS INCOME		114,427	1	921,313	8
NON-OPERATING INCOME AND EXPENSES					
Interest income		4,119	—	4,673	—
Other income	6(17)	1,081	—	788	—
Other gains and losses	6(18)	45,150	1	(243,108)	(2)
Finance costs	6(19)	(65,872)	(1)	(48,752)	—
Share of loss of associates accounted for using the equity method	6(8)	(131,387)	(2)	(92,176)	(1)
Total non-operating income and expenses		(146,909)	(2)	(378,575)	(3)
(LOSS) INCOME BEFORE INCOME TAX		(32,482)	(1)	542,738	5
TAX EXPENSE	6(20)	(31,813)	—	(70,493)	(1)
(LOSS) PROFIT FROM CONTINUING OPERATION		(64,295)	(1)	472,245	4
LOSS FROM DISCONTINUED OPERATIONS	6(7)	(4,300)	—	2,189	—
(LOSS) PROFIT		(68,595)	(1)	474,434	4
OTHER COMPREHENSIVE INCOME (LOSS)					
Components of other comprehensive income that will not be reclassified to profit or loss					
Remeasurements of defined benefit plans		(1,542)	—	—	—
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		5,805	—	(11,283)	—
Share of other comprehensive income of associates accounted for using equity method,		91	—	(89)	—
Income tax benefit (expense) related to items that will not be reclassified subsequently	6(20)	18	—	(57)	—
Components of other comprehensive income that will be reclassified to profit or loss					
Exchange differences arising on translation of foreign operation		295,946	3	(471,478)	(4)
Equity related to non-current assets or disposal groups classified as held for sale	6(7)	(1,186)	—	334	—
Income tax (expense) benefit related to items that may be reclassified subsequently	6(20)	(24,374)	—	107,215	1
Other comprehensive income (loss)		274,758	3	(375,358)	(3)
TOTAL COMPREHENSIVE INCOME		\$ 206,163	2	\$ 99,076	1
(LOSS) PROFIT ATTRIBUTABLE TO :					
Owners of parent		\$ (120,371)	(1)	\$ 425,914	4
Non-controlling interests		51,776	—	48,520	—
TOTAL (LOSS) PROFIT		\$ (68,595)	(1)	\$ 474,434	4
COMPREHENSIVE INCOME ATTRIBUTABLE TO :					
Owners of parent		\$ (17,326)	—	\$ 159,270	1
Non-controlling interests		223,489	2	(60,194)	—
TOTAL COMPREHENSIVE INCOME		\$ 206,163	2	\$ 99,076	1
BASIC (LOSS) EARNING PER SHARE	6(15)				
Continuing operations		\$ (0.24)		\$ 0.89	
Discontinued operations		(0.01)		—	
TOTAL BASIC EARNINGS PER SHARE		\$ (0.25)		\$ 0.89	

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

TYCOONS GROUP ENTERPRISE CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	Total equity attributable to owners of the parent								Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings		Other equity interests			Subtotal		
			Legal reserve	Accumulated deficit	Exchange differences on translation of foreign financial statements	Unrealized (losses) gains on financial assets measured at fair value through other comprehensive income	Equity directly related to non-current assets held for sale			
BALANCE, JANUARY 1, 2021	\$ 4,797,520	\$ 340,560	\$ 16,248	\$ (1,484,846)	\$ 400,992	\$ 15,626	\$ —	\$ 4,086,100	\$ 1,365,098	\$ 5,451,198
Net income for the year ended December 31, 2021	—	—	—	425,914	—	—	—	425,914	48,520	474,434
Other comprehensive income for the year ended December 31, 2021, net of income tax	—	—	—	(71)	(255,083)	(11,490)	—	(266,644)	(108,714)	(375,358)
Total comprehensive income (loss) for the period	—	—	—	425,843	(255,083)	(11,490)	—	159,270	(60,194)	99,076
The differences between the fair value of the consideration paid or received from acquiring or disposing of subsidiaries and the carrying amounts of subsidiaries	—	(332,838)	—	(271,629)	(173,777)	(2,236)	—	(780,480)	6,131	(774,349)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	—	—	—	9,310	—	(9,310)	—	—	—	—
Changes in non-controlling interests	—	—	—	—	—	—	—	—	1,541,759	1,541,759
BALANCE, DECEMBER 31, 2021	4,797,520	7,722	16,248	(1,321,322)	(27,868)	(7,410)	—	3,464,890	2,852,794	6,317,684
BALANCE, JANUARY 1, 2022	4,797,520	7,722	16,248	(1,321,322)	(27,868)	(7,410)	—	3,464,890	2,852,794	6,317,684
Net (loss) income for the year ended December 31, 2022	—	—	—	(120,371)	—	—	—	(120,371)	51,776	(68,595)
Other comprehensive (loss) income for the year ended December 31, 2022, net of income tax	—	—	—	(393)	98,682	5,942	(1,186)	103,045	171,713	274,758
Total comprehensive (loss) income for the period	—	—	—	(120,764)	98,682	5,942	(1,186)	(17,326)	223,489	206,163
The differences between the fair value of the consideration paid or received from acquiring or disposing of subsidiaries and the carrying amounts of subsidiaries	—	22,907	—	—	—	—	—	22,907	(880)	22,027
Reclassified as discontinued operations	—	—	—	—	20,760	—	(20,760)	—	—	—
Decrease in non-controlling interest	—	—	—	—	—	—	—	—	(58,840)	(58,840)
BALANCE, DECEMBER 31, 2022	\$ 4,797,520	\$ 30,629	\$ 16,248	\$ (1,442,086)	\$ 91,574	\$ (1,468)	\$ (21,946)	\$ 3,470,471	\$ 3,016,563	\$ 6,487,034

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

TYCOONS GROUP ENTERPRISE CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) Profit from continuing operations before income tax	\$ (32,482)	\$ 542,738
(Loss) Profit from discontinued operations before tax	(3,906)	3,292
Adjustments		
Adjustments for:		
Depreciation expense	273,533	286,787
Amortization expense	11,519	12,494
Expected credit impairment loss (reversal)	(8,460)	(15,785)
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	63,530	(18,692)
Interest expense	65,872	48,807
Interest income	(4,119)	(4,673)
Dividend income	(1,081)	(788)
Share of loss of associates accounted for using the equity method	131,387	92,176
Loss on disposal and write-off of property, plant and equipment	2,633	7,684
Property, plant and equipment transferred to expenses	4,803	—
Loss (gain) on disposal of investments	95	(855)
(Gain) loss on reversal impairment of non-financial assets	(7,572)	203,357
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(1,645)	(4,745)
Notes receivable	55,607	(60,551)
Accounts receivable	130,087	(43,156)
Other receivables	(1,328)	(43,626)
Inventories	351,193	(255,460)
Prepayments	21,010	161,397
Other current assets	(3,015)	(2,023)
Contract liabilities	(20,435)	(72,457)
Notes payable	1,656	(5,138)
Accounts payable	(113,280)	29,792
Other payables	9,355	(37,213)
Other current liabilities, other	50,284	(20,706)
Net defined benefit liabilities, non-current	5,624	(1,841)

(Continued)

TYCOONS GROUP ENTERPRISE CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	2022	2021
Cash generated from operations	\$ 980,865	\$ 800,815
Interest received	4,307	7,729
Interest paid	(65,620)	(46,726)
Income taxes paid	(59,619)	(26,107)
Net cash generated from operating activities	859,933	735,711
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of financial assets at fair value through other comprehensive income	—	9,310
Proceeds from disposal of financial assets measured at amortized cost	35,946	173,696
Net cash flow from acquisition of subsidiaries	—	89
Acquisition of investment accounted for using the equity method	(177,472)	(209,562)
Acquisition of property, plant and equipment	(197,130)	(130,921)
Proceeds from disposal of property, plant and equipment	3,008	1,733
Decrease in refundable deposits	(5,425)	(1,315)
Acquisition of intangible assets	(804)	—
Acquisition of right-of-use assets	(33)	(29)
Acquisition of investment properties	—	(141,735)
(Increase) decrease in other financial assets	(727)	8,893
Increase in other non-current assets	(99,407)	(50,910)
Dividend	1,081	788
Net cash used in investing activities	(440,963)	(339,963)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease) increase in short-term borrowings	(506,775)	297,274
Decrease in short-term notes and bills payable	—	(49,951)
Repayment of bonds	—	(200,000)
Repayment of long-term debt	—	(89,665)
Increase in guarantee deposits received	962	8,755
Repayment of the principal portion of the lease liability	(3,387)	(1,309)
Acquisition of ownership interest in subsidiaries	(14,632)	(31,849)
Disposal of ownership interest in subsidiaries (without losing control)	—	730,668
Changes in non-controlling interests	(20,536)	37,271
Net cash (used in) generated from financing activities	(544,368)	701,194
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	221,732	(234,419)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	96,334	862,523
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	1,114,549	252,026
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	\$ 1,210,883	\$ 1,114,549
<b>RECONCILIATION OF THE CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		
Cash and cash equivalents on the consolidated balance sheets	\$ 1,206,169	\$ 1,114,549
Cash and cash equivalents included in non-current assets held for sale	4,714	—
<b>Cash and cash equivalents at the end of the period</b>	\$ 1,210,883	\$ 1,114,549

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

## TYCOONS GROUP ENTERPRISE CO., LTD.

### Strengthening Operating Program

#### I. Reason for reduction

During 2022, the rising inflation, austerity and impact of geopolitics pushed up the energy price and the cost of iron ore and coal. Also, due to the sluggish demand in the international steel market, the steel price declined. The continuous destocking of the downstream customers resulted in the decrease in sales of steel products. However, due to undesirable destocking of the downstream screws industry, the export of screws did not meet the expectation, which had a negative impact on the Company's sales of wire rods products and fabrication of wires. In addition, the rising cost of raw materials led to a shrinking profit margin.

As a result of the declining steel price that influenced the gross margin and the recognition of loss from inventory valuation, the Company faced a net loss of NT\$120 million. The accumulated losses of the Company amounted to NT\$1,426 million. In order to increase net value per share and strengthen the capital structure, it is proposed to conduct the capital reduction to offset the losses.

#### II. Operation Program

##### (I) Expansion of wire fabrication capability of Tycoons Group

The Company has adjusted the operation strategy, expanded capability of wire fabrication equipment to 4,800 tons per month and OEM works of pickling process to 10,000 tons, and actively seized the domestic market share of OEM works. The Company adjusted the operation strategy from 2021. The first phase is to replace the equipment to improve the efficiency, readjust current layout of the factory for the most effective utilization, expand the fabrication capacity of wire rods and wires to 4,800 tons per month, and complete for production in the beginning of 2022. The second phase is to expand the production line of pickling process, enhance the capacity to 10,000 tons per month, and increase the business of OEM works of pickling process to bring the Company with more profit. The second phase of the program is expected to be completed in July 2023.

Table for the revenue from fabrication for the most recent three years of the Tycoons Group is as follows:

(Unit: NT\$ thousand)

	2020	2021	2022
Revenue from fabrication of wires	40,704	106,614	163,720
Revenue from fabrication of screws through heat treatment	79,919	90,236	102,425
Total	120,623	196,850	266,145
Revenue from sales of merchandise	1,057,849	2,295,583	959,153
Total	1,178,472	2,492,433	1,225,298

Since the Company expanded the capacity of wire fabrication equipment, the operating revenue increased from NT\$40,704 thousand for 2020 to NT\$163,720 for 2022, with a growth rate of 302%. During the second half of 2022, the geopolitical factors, including the Russia-Ukraine and China-America confrontation, had a significant impact on the globe. Especially, it had a significant impact on the export of screws from Taiwan. The destocking condition of customers was unfavorable. As a result, the export did not meet the expectation and influenced the sales of

wire rods and wires products and the fabrication orders. With the rebound of the economy, the demand by the market has increased. The capacity of wire fabrication is expected to be fully loaded, which will increase the gross margin and profit ratio.

(II) Tycoons Vietnam invested in the equipment of wire fabrication, set up production line for electrolytic Zinc, and dedicated to the exploration of business opportunity in the market of the Association of Southeast Asian Nations.

Tycoons Vietnam expanded the capacity of equipment from the second half of 2022, procured wires fabrication equipment and production line for electrolytic Zinc. For procurement of raw materials, there is an advantage for Tycoons Vietnam that it is near the Ha Tinh Steel factory. Also, because of the domestic demand due to the expansion of infrastructure in Vietnam, the demand for screws and wires continued to grow. The cost of local human resources for production is inexpensive. The Company expanded the capacity to 6,000 tons per month. It can transfer to OEM works as well to achieve both offense and defense.

After the expansion of Tycoons Vietnam, with the large domestic demand market in Vietnam, Tycoons Vietnam can better respond to the changes of market and produce products with higher gross margin. It is expected to create profit and transform the Company to wire fabrication factory with high profit.

(III) Develop sales market with diversification

The Tycoons Group owns production and sales bases located in Taiwan, Thailand, Mainland China, and Vietnam. Our products include wire rods, wires, screws, bolts, and steel bars, plus billets produced by the associate TY Steel Co., Ltd. The diversification and outstanding quality of the products and the vertical integration of production will bring the Group certain competitive advantages. The Company will actively respond to the market to develop flexible strategic cost management. The operating and sales department will stay close to different customers and set price according to their needs to facilitate the sales and order receiving.

(IV) Reduce operating costs

The Company will strengthen the operations of the organization. To achieve the goal of operations and sales, the Company should strengthen the collaboration and communication among organizations, continue to revise current regulations governing administration and procedures to simplify the process, and strive to establish regulation for each operation and ensure that rules are followed to reduce inappropriate managing costs.

(V) Strengthen financial structure

The Company has actively improved the financial structure for the recent years, increased cash inflows for repayment of the loans, and significantly reduced the debt ratio. Tycoons' individual debt ratio reduced to 5.96%, the current ratio reached 629.39%. The financial structure became stable. After the capital reduction to offset the accumulated losses, there will be profit to distributable to shareholders, which will benefit the stability of the Company's development in long-term.

III. Product sales expectation for 2023 are as follows:

Product name	Sales volume (metric ton)	%
Wire rods	171,756	40.95
Fabrication	105,490	25.15
Spheroidized wires	65,098	15.52
Screws	58,988	14.06
Steel bars	18,121	4.32
Total	419,453	100.00

#### IV. Control measures

The implementation of strengthening operation program will be reported to Board of Directors for supervision and reported to the Shareholders' Meeting in the following year.

## Articles of Incorporation of Tycoons Group Enterprise Company Limited

### Section One - General Provisions

- Article 1: The Company shall be incorporated under the Company Act, and its name shall be 聚亨企業股份有限公司 in Chinese. (Tycoons Group Enterprise Company Limited in English).
- Article 2: The scope of business of the Company shall be as follows:
- I. Trading of screws, nuts, washers, bolts, and trading of mechanical hardware, hand tools, automobile materials and components.
  - II. Spheroidization heat treatment, casting, trading and fabrication of steel wire, screws, nuts and other related metal items.
  - III. Manufacturing, fabrication, trading and exportation of socket wrench components, torque wrenches, screwdrivers, wire rods, iron bars and chains.
  - IV. Manufacturing, fabrication, trading, exportation and leasing of machinery components, forming machines, tapping machines, heading machines, trimming machines, threading machines, packaging machinery, heat treatment equipment and components of the aforementioned machines.
  - V. Manufacturing, fabrication, trading and exportation of various types of metal modules.
  - VI. General import and export trading. (except those that are subject to special approval)
  - VII. H701020 Industrial Factory Development and Rental.
  - VIII. H701010 Housing and Building Development and Rental.
  - IX. C801010 Basic Chemical Industrial.
  - X. F107100 Wholesale of Chemical Materials.
  - XI. ZZ99999 All business items that are not prohibited or restricted by law, except those subject to special approval.
- Article 3: The Company shall establish its head office in Kaoshiung City. Where necessary, the Company shall establish subsidiaries or factories at appropriate locations within or outside the territory of the Republic of China in accordance with the resolution passed by the Board of Directors. The Board of Directors shall determine both establishment and termination of entities.
- Article 4: The Company may make reinvestment, in which the total amount of reinvestment shall not be subject to the restriction of not more than forty percent of the Company's paid-up capital as provided in Article 13 of the Company Act, and shall be determined by the Board of Directors.

### Section Two – Shareholdings

- Article 5: The total capital stock of the Company shall be in the amount of 7,000,000,000 New Taiwan Dollars, divided into 700,000,000 shares, at ten New Taiwan Dollars each. The Board of Directors is authorized to issue the unissued stocks in batches according to business needs.
- The employee stock options or new stocks shall be issued by the Company to eligible employees who fulfill certain requirements. The Board of Directors is authorized to resolve the requirements for the purchase.

- Article 6: Taiwan Securities Central Depository Company, Limited may request consolidation of existing issued shares into larger denomination share certificates.
- Article 7: The Company's stocks are registered stocks and shall be issued after signed or stamped by Director representing the Company. Further, the Company shall be exempted from printing any share certificate for the shares issued.
- Article 8: Registration for transfer of shares shall be suspended within sixty (60) days prior to a convening date of a regular shareholders' meeting, or within thirty (30) days prior to a convening date of a special shareholders' meeting, or within five (5) days prior to the record date scheduled by the Company for distribution of dividends, bonuses, or other benefits.
- Article 9: The shareholders shall provide their names, residential addresses, seals and tax ID number to the Company for registration. Any changes made shall also be provided to the Company. Disbursement of dividend and bonus to the shareholders shall be made based on seals in the registration.
- Article 10: Apart from the law and regulations, the Company shall conduct the stock matters in accordance with "Regulations Governing the Administration of Shareholder Services of Public Companies."

### **Section Three - Shareholders' Meetings**

- Article 11: There are two types of shareholders' meetings for the Company: (1) regular meeting and (2) special meeting. Regular meetings shall be convened, by the Board of Directors, within six (6) months after the close of each fiscal year. Special meetings shall be convened in accordance with the relevant laws, rules and regulations when necessary. At the shareholders' meeting, the shareholders may cast their votes in written or electronic form. The voting shall be conducted in accordance with the law and regulations. For shareholders' meeting convened by the Board of Directors, the Chairperson of the meeting shall preside over the meeting. In his or her absence, the meeting shall be convened in accordance with the provisions of Article 208 of the Company Act; for a shareholders' meeting convened by any other person having the convening right, the convener shall preside over the meeting. If there are two or more persons convening the meeting, the conveners shall elect a person among themselves to preside over the meeting.
- Article 11-1: For the shareholders' meeting, a shareholder with voting rights may propose to the Company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each proposal. In event of a proposal containing more than one matter, such proposal shall not be included in the agenda.
- Article 12: In the event the shareholder is unable to attend the shareholders' meeting in person, he or she may appoint a proxy to attend on his or her behalf by conferring a power of attorney printed by the Company to the proxy. The use of a power of attorney shall be in accordance with the law and regulations stipulated by the competent authority.
- Article 13: Except as otherwise stipulated by the law and regulations, a shareholder shall have one vote per share.
- Article 14: Except as otherwise provided in the Company Act, shareholders' meeting may be held if attended by shareholders in person or by proxy representing more than one half of the total issued and outstanding capital stock of the Company, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present.

## **Section Four - Directors and Audit Committee**

- Article 15: The Company shall have five to nine Directors, of which the number of independent Directors shall not be less than three persons, or one-fifth of the total number of Directors. Directors shall be elected by adopting the candidates nomination system and from the candidate list during the shareholders' meeting. The term of office for Directors shall be three (3) years, and all Directors shall be eligible for re-election. Matters regarding the professional qualification, shareholdings, restrictions of concurrent positions held, nomination, election method and other compliances of the Independent Directors shall be conducted in accordance with relevant provisions stipulated by the competent authority. In accordance with the Securities and Exchange Act Article 14-4, the Company shall establish the Audit Committee to replace Supervisors. Matters regarding power and authority and other related matters pertaining to the Audit Committee shall be undertaken in accordance with the law and regulations and determined by the Board of Directors.
- Article 16: The Board of Directors shall be organized by Directors. The Chairperson shall be elected among the Board of Directors by a majority in a meeting attended by over two-thirds of the Directors. The Chairperson shall preside over the shareholders' meeting and the Board of Directors meeting internally and shall have the authority to represent the Company externally. When the Chairperson is unable to exercise his or her power and authority for causes, the designation of a representative shall be undertaken in accordance with the provisions of Article 208 of the Company Act.
- Article 16-1: The Company shall purchase liability insurance for the Directors to ensure the rights and interest of the Directors and lower the business risks of the Company.
- Article 16-2: To convene the Board of Directors meeting, the Company shall state the purpose of convening the meeting clearly and notify the Directors seven (7) days before the meeting. In case of emergency, the Company may convene the Board of Directors meeting at any time. The notification to the Directors for convening the Board of Directors meeting may be issued by written correspondences, e-mails or facsimile.
- Article 17: If a Director is unable to attend a Board meeting for causes, the designation of a proxy shall be undertaken in accordance with the provisions of Article 205 of the Company Act. Any Director attending the meeting via video conference shall be deemed attending the meeting in person.
- Article 18: Deleted.
- Article 19: Regardless of profit and loss, the Company shall disburse monthly remuneration to Directors. The Board of Directors shall be authorized to prescribe the Directors' remuneration after referring to the industrial standard.

## **Section Five – Managers**

- Article 20: The Company shall appoint managers, in which the appointment, termination and remuneration are undertaken in accordance with the provisions of Article 29 of the Company Act.

## **Section Six – Accounting**

- Article 21: The company's fiscal year shall be from January 1 to December 31 of the same year.
- Article 22: After the closing of each fiscal year, the following reports shall be prepared by the Board of Directors, and submitted to the Audit Committee for review before submitting to the

regular shareholders' meeting for ratification in accordance with the law and regulations:  
1. Business Report; 2. Financial Statements; 3. Proposals Concerning the Distribution of Earnings or Covering of Losses.

Article 23: For a profitable fiscal year (a profitable fiscal year refers to the annual profit before tax before deducting the remunerations of employees and Directors), the Company shall appropriate 2% to 5% of the profit as employee remuneration and not more than 1% as Director remuneration. However, in the event of accumulated losses, the Company shall reserve a sufficient amount to offset the losses.

The Company shall distribute the employee remuneration in the form of stocks or cash to eligible employees who fulfill certain requirements. The Board of Directors is authorized to resolve the requirements.

The disbursement of the employee and Director remunerations shall be passed by the Board of Directors via a special resolution.

Article 23-1: As the Company is undergoing a transformative stage, the consideration of dividend policy shall take into account the investment capital requirements, financial structure, earnings and other circumstances of the Company. The Board of Directors shall prepare the earning distribution proposal and submit it to the shareholders' meeting for a resolution.

In the event of profit after tax, the Company shall appropriate the profit to offset the following:

(I) tax payments.

(II) accumulated losses.

(III) legal capital reserve at 10% of the undistributed earnings other than profit after tax for the period.

(IV) special reserve required to be appropriated as stipulated by the law and regulations. The reversal of special reserve shall be integrated into undistributed earnings before distribution as stipulated by the law and regulations.

(V) After appropriated to the aforementioned items from (I) to (IV), for the remaining earnings of the fiscal year, together with any accumulated undistributed earnings of the previous year and the adjustment of undistributed earnings of the fiscal year, the Company shall appropriate at least 50% to 100% as the stock dividend. The remaining amount shall be reserved as the balance of undistributed earnings for the fiscal year. Further, the cash dividend appropriated shall not be less than 10% of the total shareholder dividend distributed for the fiscal year.

For the aforementioned dividend distribution principles, the Company shall take into account the changes in the internal and external business environment. The Board of Directors shall prepare the distribution proposal and submit it to the shareholders' meeting for adjustment, and a resolution.

Article 24: The regulations for the Board of Directors and other business units are established separately.

## **Section Seven - Supplementary Provisions**

Article 25: Due to business needs, the Company shall provide endorsement and guarantee in accordance with the procedures for the provision of endorsement and guarantee of the Company.

Article 26: The Company shall undertake matters not stipulated by the Articles in accordance with the Company Act and other relevant law and regulations.

Article 27: The Articles shall be adopted after resolved by the shareholders' meeting. The same applies to the amendment of the Articles.

Article 28: The Articles were established on November 20, 1980.  
The 1st amendment was made on December 25, 1981.  
The 2nd amendment was made on June 2, 1984.  
The 3rd amendment was made on May 27, 1985.  
The 4th amendment was made on December 9, 1985.  
The 5th amendment was made on January 6, 1987.  
The 6th amendment was made on May 15, 1987.  
The 7th amendment was made on January 3, 1988.  
The 8th amendment was made on December 12, 1989.  
The 9th amendment was made on May 24, 1990.  
The 10th amendment was made on July 1, 1990.  
The 11th amendment was made on May 22, 1991.  
The 12th amendment was made on June 22, 1991.  
The 13th amendment was made on August 24, 1991.  
The 14th amendment was made on June 2, 1992.  
The 15th amendment was made on November 24, 1992.  
The 16th amendment was made on March 15, 1993.  
The 17th amendment was made on September 17, 1993.  
The 18th amendment was made on May 25, 1994.  
The 19th amendment was made on March 10, 1995.  
The 20th amendment was made on April 16, 1996.  
The 21st amendment was made on December 5, 1996.  
The 22nd amendment was made on June 24, 1997.  
The 23rd amendment was made on November 28, 1997.  
The 24th amendment was made on April 23, 1998.  
The 25th amendment was made on June 23, 2000.  
The 26th amendment was made on June 27, 2001.  
The 27th amendment was made on June 25, 2002.  
The 28th amendment was made on May 18, 2004.  
The 29th amendment was made on June 16, 2005.  
The 30th amendment was made on June 22, 2006.  
The 31st amendment was made on May 26, 2010.  
The 32nd amendment was made on June 12, 2012.  
The 33rd amendment was made on June 23, 2015.  
The 34th amendment was made on June 14, 2016.  
The 35th amendment was made on January 31, 2019.  
The 36th amendment was made on June 27, 2019.  
The 37th amendment was made on May 28, 2020.

Tycoons Group Enterprise Company Limited  
Chairwoman: Huang, Wen-Sung

## **Tycoons Group Enterprise Company Limited Rules and Procedures for Shareholder Meetings**

- I. Unless stated otherwise as stipulated by the law and regulations, Shareholders' Meeting of the Company shall be conducted in accordance with these Rules and Procedures.
- II. At the Meeting, the shareholders may cast their votes in written or electronic form. The voting shall be conducted in accordance with the Company Act and other relevant regulations. The Company shall establish an attendance sheet for attending shareholders (or proxies) to sign in or collect attendance cards from the shareholders for attendance marking. The number of attending votes is calculated based on the attendance cards collected. The attendance cards collected represent the attendance of the shareholders or proxies. The Company shall not be liable to authenticate the identities of attendees.
- III. The attendance and voting at the Meeting shall be calculated based on shareholding.
- IV. The venue of the Meeting shall be convened at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to commence the meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.
- V. The Chairperson of the Board of Directors shall preside over the Meeting if the Meeting is convened by the Board of Directors. When the Chairperson is unable to do so, he or she shall designate one of the Directors to preside over the Meeting. If no Director is designated by the Chairperson, the Directors shall elect a person among themselves to preside over the Meeting.  
If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the Chairperson to preside over the Meeting.
- VI. The Company may appoint designated counsel, CPA or other related persons to attend the Meeting. Persons handling affairs of the Meeting shall wear identification cards or badges.
- VII. The Company shall make audio and video recordings on the process of the Meeting, and these recordings shall be preserved for not less than one year.
- VIII. The Chairperson shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has yet to constitute the quorum at the time scheduled for the Meeting, the Chairperson may postpone the meeting time. The postponements shall be limited to not more than two times and the total time postponed shall not be longer than one hour. If after two postponements, no quorum can yet be constituted but the shareholders present at the Meeting represent more than one third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Act.  
Before the Meeting is concluded, if the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum, the Chairperson may submit the tentative resolutions to the Meeting for approval in accordance with the Company Act.

IX. The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, it shall proceed in accordance with the agenda.

The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting.

Unless otherwise resolved at the Meeting, the Chairperson cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved.

The shareholders shall not designate any other person as Chairperson and continue the Meeting in the same or another place after the Meeting is adjourned.

X. Deleted.

XI. When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with a summary of the speech, the shareholder account number (or the serial number of the attendance card) and the name of the shareholder. The sequence of speeches made by the shareholders should be decided by the Chairperson.

If a shareholder present at the Meeting submits a Speech Note but does not speak, no speech shall be deemed to have been made by such shareholder. In the event of the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of the actual speech shall prevail. The Company shall not be liable to verify the restriction(s) placed upon the power or authority as documented in the power of attorney or other methods conferred to the agent(s) by shareholder(s). The content of actual speech and voting of the agent(s) shall prevail.

Unless otherwise permitted by the Chairperson and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders. Otherwise, the Chairperson shall stop such interruption.

XII. Unless otherwise permitted by the Chairperson, each shareholder shall not, for each discussion item, speak more than two times and each time not exceeding 5 minutes. If any shareholder's speech violates the above provision or exceeds the scope of the discussion item, the Chairperson may stop the speech of such shareholder.

XIII. Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting.

If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

XIV. The attendance and voting at the Meeting shall be calculated based on shareholding. As headcount is difficult to be performed, if a shareholder proposes to perform a headcount, the Chairperson may deny the proposal.

XV. After the speech of a shareholder, the Chairperson may respond in person or designate an appropriate person to respond.

XVI. The Chairperson may announce to end the discussion for any resolution and proceed to vote if the Chairperson deems the discussion adequate.

XVII. The person(s) to check and the person(s) to record the ballots for voting by casting ballots

shall be appointed by the Chairperson. The person(s) checking the ballots shall be a shareholder(s).

The result of the voting shall be announced at the Meeting and documented on record.

XVIII. During the Meeting, the Chairperson may, at his or her discretion, set a time for intermission.

In event of one session of the Meeting is inadequate to complete the agenda, by resolution of the shareholders present at the Meeting, the Chairperson may resume the Meeting within five days without further notice or public announcement.

XIX. Except otherwise specified in the Company Act, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the Chairperson.

XX. If there is an amendment to or substitute for a discussion item, the Chairperson shall decide the voting sequence for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

XXI. The Chairperson may conduct the disciplinary officers or the security guard to assist in keeping the order of the Meeting venue. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officers" for identification purposes.

XXII. The Company shall undertake matters not stipulated by the Rules in accordance with the Company Act and the Articles of Incorporation.

XXIII. The Rules shall be adopted after resolved by the shareholders' meeting.

## Tycoons Group Enterprise Company Limited

### Shareholding of All Directors

1. The shareholding of all Directors as of the book closure date (April 1, 2023) before the annual general shareholders' meeting for 2023 is as indicated in Attachment.
2. The total number of issued shares amounted to 479,751,976 shares. In accordance with "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies," Article 2, the minimum total shareholding of all Directors shall amount to 16,000,000 shares.

Table:

Position	Name	Shareholding	Shares Ratio	Remarks
Chairwoman	Botian Investment Co., Ltd. Representative: Huang, Wen-Sung	21,209,879	4.42%	
Directors	Lu, Yen-Chuan	5,986,649	1.25%	
Independent Director	Wei, Kung-Ao	-	-	
Independent Director	Wu, Chung-Hsin	-	-	
Independent Director	Huang, Chun-Kai	-	-	
Total	Directors	27,196,528	5.67%	