

2019 General Shareholders' Meeting



HSIN KUANG STEEL CO., LTD

Proceedings Manual



Date: 9:00 AM, June 11, 2019
Location: No. 120, Gongye 8th Road, Guanyin District, Taoyuan City
(The Company's Guanyin Plant Conference Office)

Hsin Kuang Steel Company Limited

Proceedings Manual for the 2019 General Shareholders Meeting

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I.Call Meeting to Order

II. Agenda

Hsin Kuang Steel Company Limited
Proceedings for 2019 General Shareholders Meeting

- 1.Meeting called to order (announce respective number of shares held by shareholders present)
- 2.Chairman takes his seat
- 3.Formalities
- 4.Chairman's Speech
- 5.Reports
- 6.Acceptance and Discussions
- 7.Extempore Motions
- 8.Meeting adjourned

Hsin Kuang Steel Company Limited

2019 General Shareholders Meeting Agenda

Time: 9:00 AM, June 11 (Tuesday), 2019

Location: No. 120, Gongye 8th Road, Guanyin District, Taoyuan City (The Company's Guanyin Plant Conference Office)

Attendance: All shareholders and proxies

Chair: Chairman Alexander M.T.Su

1.Chairman's Speech

2.Reports

Case 1 2018 Business Report

Case 2 Audit Committee's Report.

Case 3 Report on the 2018 distribution of remuneration to employees, directors, and supervisors.

Case 4 Report on the Company's total amount for endorsement, guarantee and amount of loans to third parties.

Case 5 Other matters: None.

3.Acceptance and Discussions

Case 1 Ratification of the 2018 business report and final financial statements.

Case 2 Approval of 2018 Earnings Distribution Statement.

Case 3 Approval of the amendments of the Articles of Incorporation.

Case 4 Approval of the amendment of the Procedures for the Acquisition or Disposal of Assets.

Case 5 Approval of the amendment of the Procedures for Extending Loans to Others.

Case 6 Approval of the amendment of the Endorsement and Guarantee Making Procedure.

4.Extempore Motions

5.Meeting adjourned

Reports

1. 2018 Business Report
Description: The Company's 2018 Business Report was approved in the 12th meeting of the Company's 14th-term Board of Directors. Please refer to Attachment 1 from page 9 to page 10 of the Proceedings Manual.
2. Audit Committee's Report
Description: Please refer to Attachment 2 on page 11 of the Proceedings Manual for the Auditing Report by the Audit Committee.
3. Report on the 2018 distribution of remuneration to employees, Directors, and Supervisors
Description: (1) Remuneration shall be distributed in accordance with Article 20 the Company's Articles of Incorporation, which states "no less than 3% of any profit made by the Company in a year shall be allocated as employee bonus, and the Board of Directors shall decide to distribute the bonus as shares or cash, which can also be distributed to employees of affiliated companies that meet certain criteria; if the Company sustains profit for the current year, the Board of Directors shall decide to set aside no more than 3% of profit as director and supervisor remuneration."
(2) The Company's 2018 remuneration for employees is NT\$35,145,923 and the remuneration shall be distributed in cash as approved in the 12th meeting of the 14th-term Board of Directors.
(3) The Company's amount of remuneration appropriated for Directors and Supervisors in 2018 is NT\$35,145,923.
4. Report on the Company's total amount for endorsement, guarantee and amount of loans to third parties

Description: (1). The Company's aggregate amount of endorsements and guarantees as of December 31, 2018 is as follows:

Unit: NT\$1,000

Guarantee beneficiary	Relationship	Guaranteed amount	Actual amount of utilization
APEX Wind Power Equipment Manufacturing Co., Ltd. (original name: Hsin Kuang Alga Engineering Co., Ltd.)	A subsidiary of the Company with 51.31% of shares held by the Company through direct investment	7,400	7,400

The total amount of endorsement and guarantee as of December 31, 2018 amounted to NT\$7.4 million, which is consistent with the Company's regulation on the total amount of external endorsements and guarantees and the maximum amount of endorsements and guarantees for a single enterprise.

- (2). As of December 31, 2018, the Company has not loaned funds to others.
5. Other matters: None

Acceptance and Discussions

Case 1 (proposed by the Board of Directors)

Case: Ratification of the 2018 business report and final financial statements.

Description: (1). The Company's 2018 financial statements, including: the balance sheet, comprehensive income statement, statement of changes in equity and the cash flow statement, have been audited by Sheng-Hsiung Yao, CPA and Jui-Na Chang, CPA of Deloitte and recognized in the 12th meeting of the Company's 14th-term Board of Directors.

(2). Please refer to and ratify Attachment 1 from page 9 to page 10 and Attachment 3 and 4 from page 12 to 30 of the Proceedings Manual for the Company's 2018 Business Report, CPA Auditing Report and the aforementioned financial statements.

Resolution:

Case 2 (proposed by the Board of Directors)

Case: Approval of 2018 Earnings Distribution Statement.

Description: (1). The Earnings Distribution Statement is for the distribution of distributable earnings of 2018 in cash dividend of NT\$1.5 per ordinary share. In the event that the total number of the Company's stocks in circulation is affected for any reason, please authorize the Chairman to adjust the distribution ratio based on the total amount of earnings to be distributed and the resolution in this shareholders meeting in accordance with the quantity of the Company's shares in external circulation on the record date.

(2). For this period's motion to distribute dividends to shareholders, the dividend will be calculated to the amount of one whole NTD, and any decimal point below one NTD will be rounded down. Shares below one dollar NTD will be adjusted from the largest decimal place, until the total amount of dividend for shareholders has been distributed.

(3). The Company's 2018 Earnings Distribution Statement was approved in the 12th meeting of the Company's 14th-term Board of Directors and approved by Supervisors as the submitted proposal. Please refer to Attachment 5 on page 31 of the Proceedings Manual and ratify.

Resolution:

Case 3 (proposed by the Board of Directors)

Case: Approval of the amendments of the Articles of Incorporation.

Description: (1). Article 2, Article 13-2, Article 13-4, Article 15, Article 16, Article 18, and Article 20 are amended in accordance with the actual requirements for the Company's business operations.

(2). The Company plans to hold the election of Directors based on the candidate nomination system in accordance with Article 192-1 of the Company Act. Article 13 is thus amended.

(3). Table of Comparison of Revised Articles of the Company's "Articles of Incorporation" was approved in the 12th meeting of the Company's 14th-term Board of Directors. Please refer to Attachment 6 from page 32 to page 34 of the Proceedings Manual and ratify.

Resolution:

Case 4 (proposed by the Board of Directors)

Case: Approval of the amendment of the Procedures for the Acquisition or Disposal of Assets.

Description: (1). Article 3, Article 4, Article 5, Article 8, Article 9, Article 10, Article 11, Article 13, Article 15, Article 18, Article 19, and Article 20 are amended in accordance with the actual requirements for the Company's business operations.

(2). Table of Comparison of Revised Articles of the Company's "Procedures for the Acquisition or Disposal of Assets" was approved in the 11th meeting of the Company's 14th-term Board of Directors. Please refer to Attachment 7 from page 35 to page 42 of the Proceedings Manual and ratify.

Resolution:

Case 5 (proposed by the Board of Directors)

Case: Approval of the amendment of the Procedures for Extending Loans to Others.

Description: (1). Article 1, Article 3, Article 4, Article 7, Article 8, Article 9, Article 10, Article 13, Article 15, Article 16, Article 18, and Article 19 are amended in accordance with the actual requirements for the Company's business operations.

- (2). Table of Comparison of Revised Articles of the Company's "Procedures for Extending Loans to Others" was approved in the 12th meeting of the Company's 14th-term Board of Directors. Please refer to Attachment 8 from page 43 to page 47 of the Proceedings Manual and ratify.

Resolution:

Case 6 (proposed by the Board of Directors)

Case: Approval of the amendment of the Endorsement and Guarantee Making Procedure.

Description: (1). Article 1, Article 4, Article 6, Article 7, Article 8, Article 9, Article 10, Article 13, Article 15, and Article 16 are amended in accordance with the actual requirements for the Company's business operations.

- (2). Table of Comparison of Revised Articles of the Company's "Endorsement and Guarantee Making Procedure" was approved in the 12th meeting of the Company's 14th-term Board of Directors. Please refer to Attachment 9 from page 48 to page 51 of the Proceedings Manual and ratify.

Resolution:

Extempore Motions

Meeting adjourned

[Attachment 1]

Hsin Kuang Steel Company Limited

Business Report

In 2018, we continued our great performance from the previous year (2017) and overall business performance was great. The steel industry remained very positive in 2018. All of the Company's plants operated at full production capacity and we have achieved the best revenue performance in recent years with smooth operations in procurement, production, sales as well as concerted efforts from employees.

Financial Performance

The Company's combined revenue for 2018 totaled NT\$8.84 billion, which was a NT\$490 million and 5.9% increase from the NT\$8.35 billion of the previous year. The net operating profit totaled NT\$570 million, which was a NT\$420 million and 42% decrease from the NT\$990 million from the previous year. The EPS was NT\$3.17, which was a NT\$0.32 and 9.2% decrease from the NT\$3.49 from the previous year.

In products sales, the Company's operating goal in 2018 was the sale of 383,000 metric tons of steel products and the combined sales of the year reached 340,000 metric tons. The achievement rate was 88.8%.

In income and expenditures, cash outflow in 2018 from business activities amounted to NT\$427.21 million, which mainly consisted of the bills receivable and accounts receivable generated in sales as well as inventories in response to supply and demand operations etc. Cash outflow for investment activities amounted to NT\$849.46 million mainly due to the purchase of properties, investment in plants and equipment, and joint ventures with affiliates. Cash inflow for financing activities amounted to NT\$2,024.19 million mainly due to long-term and short-term loans necessary for operations. The closing cash and cash equivalents of the period was NT\$1,558.96 million.

Annual Corporate Development

The 2019 business strategies include: ①. Procurement: Strengthen supplier

relationships and management and make acquisitions when prices are low; ②. Business: Adopt complex management styles for sales of multiple categories of steel; ③. Customer relationship management: Focus on the value curve and develop new customers. ④. Public and private construction: Adopt concerted cooperation and accept new purchase orders. ⑤. Strategic integration and mid to long-term plans: Implement supply chain integration, work with joint ventures and world-class steel plants, supply and manufacture steel parts for underwater foundations for offshore wind power projects, develop solar photovoltaic materials, and expand overseas investments.

Based on the guidance of the aforementioned strategies, we shall implement the following:

1. Blue Ocean strategy: Optimize the inventory structure, integrate value chains, cultivate talent, and expand overseas markets.
2. Strengthen business management: Cultivate regional talent, adopt value-oriented strategies for profit centers, intensify development of direct customers and those with whom we have not conducted transactions in a long time, assess and strengthen the capacity of the Central Region Steel Coil Cutting Center, and integrate supply chains.
3. Strengthen manufacturing management system: Improve production efficiency, utilization rates, improve labor safety management, improve production quality, reduce the outflow of mixed materials, improve environmental management, and implement production and management resources of joint ventures.
4. Simplify corporate procedures: Introduce tags into the production system, assess improvements of the CRM database system with the aim of increasing efficiency and reducing lead time, and improve procedures.

The total annual sales goal of 2019 is set at 370,000 metric tons of steel. The domestic steel market is completely free. The steel supply volume and prices are affected by factors such as China Steel's production capacity and periodic wholesale prices as well as competition from major steel makers from Japan, Russia, Brazil, India, Korea, and Europe and the trade and tariff negotiations between the United

States and China. We must keep abreast of the volume, price, and lead time in the supply chain and pay close attention to the domestic midstream and downstream demand. With the reputation we have accumulated in the industry throughout the years and the updated and expanded plants, equipment, manpower logistics, and cutting and processing capabilities, all our employees are confident of reaching the operation target of 370,000 metric tons this year under the guidance of the overarching strategy and key execution points.

Future Outlook

The government's policies for the continuous promotion of solar power, offshore wind power, Forward-looking Infrastructure Development, and expansion of domestic demand coupled with strong economic development in the United States and Europe and Mainland China's advancement of output reduction and environmental protection measures contribute to a stable outlook of the domestic steel market this year. We shall continue to implement expansion policies, intensify task-based assignments for the departments, cultivate talent and recruit outstanding talent. We shall advance tasks while implementing effective management, develop existing customers and production lines, and work hard to develop new customers, solar power, wind power, and new products to embrace the new year.

Legal Representative:
Alexander M.T.Su

Managing Director:
Alexander M.T.Su

Chief Accounting Officer:
Jessica P.H. Liu

Audit Committee's Report

The Board of Directors has prepared and submitted the 2018 business report, financial statements, and earnings distribution proposal, of which the financial statements have been audited by Deloitte & Touch and an audit report has been issued. These have been reviewed by the Audit Committee as correctly portraying the Company's business activities. In accordance with the Securities and Exchange Act and the Company Act, this report is submitted for shareholder's examination.

Hsin Kuang Steel Company Limited

Audit Committee Convener



March 19, 2019

Independent Auditor's Report and the 2018 Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hsin Kuang Steel Company Limited

Opinion

We have audited the accompanying consolidated financial statements of Hsin Kuang Steel Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the consolidated financial statements of the Group for the year ended December 31, 2018 are as follows:

Write-down of Inventories

As of December 31, 2018, inventories in the Group's consolidated financial statements amounted to NT\$4,057,033 thousand, representing 24% of total assets. The Group mainly engages in the sale, cutting, slitting, steel structure processing and logistics of various steel products. Under this business model, the Group must reserve various steel products to respond to market and customer demands. Because steel

industry is highly affected by fluctuations of international steel prices, changes in the value of inventory can affect the calculation of net realizable value of inventories. The amount of inventories is significant to the consolidated financial statements as a whole and the valuation involves management's judgment, in particular, the net realizable value of inventory is estimated based on past selling prices and actual transactions. Therefore, we identified write-down of inventories as a key audit matter.

Refer to Notes 4, 5 and 12 to the consolidated financial statements for the accounting policies and related disclosures on the write-down of inventories.

We performed the following audit procedures in respect write-down of inventories:

1. We understood and tested the design and operating effectiveness of key controls over the estimation of inventory write-downs;
2. We took into consideration the steel price charts of China Steel Corporation and the market price trend of nickel metal, which was the main material of stainless steel, in assessing the reasonableness of management's estimate for the inventory write-downs;
3. We elected samples and checked the consistency of data used by management in calculating the allowance for inventory write-downs with original data in the system, as well as samples selection and most recent sales price corroboration, in order to evaluate the reasonableness of management's estimate and determine inventories which were stated at the lower of net realizable value.

Other Matters

We have also audited Hsin Kuang Steel Company Limited's parent company only financial statements for the years ended December 31, 2018 and 2017, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted 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 the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Sheng-Hsiung Yao and Jui-Na Chang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 19, 2019

Notice to Readers

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

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

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

ASSETS	2018		2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,558,960	9	\$ 810,178	6
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 35)	1,349,097	8	1,038,156	7
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	80,115	1	-	-
Available-for-sale financial assets - current (Notes 4 and 10)	-	-	81,767	1
Financial assets at amortized cost - current (Notes 9 and 35)	206,918	1	-	-
Notes receivable from related parties (Notes 11 and 34)	56,772	-	1,097	-
Notes receivable from unrelated parties (Notes 4, 5, 11 and 35)	1,263,870	7	1,017,500	7
Trade receivables from related parties (Notes 11 and 34)	22,375	-	7,982	-
Trade receivables from unrelated parties (Notes 4, 5, 11 and 35)	1,243,271	7	1,249,815	9
Inventories (Notes 4, 5 and 12)	4,057,033	24	2,748,943	20
Prepayments	158,227	1	82,035	1
Other financial assets - current (Notes 4, 13 and 35)	-	-	90,246	1
Other current assets - other (Note 18)	9,181	-	17,739	-
Total current assets	10,005,819	58	7,145,458	52
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35)	1,990,369	12	-	-
Available-for-sale financial assets - non-current (Notes 4, 10 and 35)	-	-	1,940,049	14
Investments accounted for using the equity method (Notes 4 and 15)	572,812	3	533,065	4
Property, plant and equipment (Notes 4, 16 and 35)	3,498,574	20	3,835,473	28
Investment properties (Notes 4, 17 and 35)	1,002,688	6	268,846	2
Deferred tax assets (Notes 4 and 27)	32,256	-	13,498	-
Other non-current assets (Notes 4, 5, 11 and 18)	180,603	1	81,849	-
Total non-current assets	7,277,302	42	6,672,780	48
TOTAL	\$ 17,283,121	100	\$ 13,818,238	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 19)	\$ 6,961,865	40	\$ 3,479,674	25
Short-term bills payable (Notes 4 and 19)	429,734	2	469,508	4
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	8,748	-	38,012	-
Contract liabilities - current (Note 25)	143,030	1	-	-
Notes payable to unrelated parties (Notes 4, 21 and 34)	647,129	4	422,572	3
Notes payable to related parties	3,134	-	2,032	-
Trade payables to unrelated parties (Notes 4, 21 and 34)	177,805	1	9,660	-
Trade payables to related parties	1,482	-	-	-
Other payables (Notes 22 and 34)	188,852	1	159,637	1
Current tax liabilities (Notes 4 and 27)	90,949	1	133,329	1
Current portion of long-term borrowings (Notes 4 and 19)	796,026	5	1,017,508	7
Other current liabilities	3,298	-	104,359	1
Total current liabilities	9,452,052	55	5,836,291	42
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 20)	400,337	2	532,148	4
Long-term borrowings (Notes 4 and 19)	128,948	1	935,230	7
Provisions - non-current (Note 4)	3,570	-	3,570	-
Deferred tax liabilities (Notes 4 and 27)	21,673	-	4,590	-
Net defined benefit liabilities - non-current (Notes 4 and 23)	27,744	-	27,780	-
Other non-current liabilities	13,668	-	300	-
Total non-current liabilities	595,940	3	1,503,618	11
Total liabilities	10,047,992	58	7,339,909	53
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 24)				
Share capital	3,106,877	18	3,061,937	22
Capital surplus	818,309	5	867,686	6
Retained earnings				
Legal reserve	761,010	4	654,386	5
Special reserve	-	-	19,407	-
Unappropriated earnings	2,067,794	12	1,638,702	12
Total retained earnings	2,828,804	16	2,312,495	17
Other equity	(43,568)	-	28,820	-
Total equity attributable to owners of the Company	6,710,422	39	6,270,938	45
NON-CONTROLLING INTERESTS	524,707	3	207,391	2
Total equity	7,235,129	42	6,478,329	47
TOTAL	\$ 17,283,121	100	\$ 13,818,238	100

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25 and 34)				
Sales	\$ 8,617,077	108	\$ 8,190,258	114
Construction revenue	-	-	740	-
Other operating revenue	<u>219,242</u>	<u>3</u>	<u>160,914</u>	<u>2</u>
Total operating revenue	<u>8,836,319</u>	<u>111</u>	<u>8,351,912</u>	<u>116</u>
OPERATING COSTS (Notes 26 and 34)				
Cost of goods sold	(7,955,101)	(100)	(7,208,382)	(100)
Construction costs	-	-	(53)	-
Other operating costs	<u>(9,497)</u>	<u>-</u>	<u>(29,678)</u>	<u>-</u>
Total operating costs	<u>(7,964,598)</u>	<u>(100)</u>	<u>(7,238,113)</u>	<u>(100)</u>
GROSS PROFIT	<u>871,721</u>	<u>11</u>	<u>1,113,799</u>	<u>16</u>
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	<u>900</u>	<u>-</u>	<u>-</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>870,821</u>	<u>11</u>	<u>1,113,799</u>	<u>16</u>
OPERATING EXPENSES (Notes 4 and 26)				
Selling and marketing expenses	(178,446)	(2)	(190,809)	(3)
General and administrative expenses	(132,412)	(2)	(153,696)	(2)
Expected credit loss	<u>10,823</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>(300,035)</u>	<u>(4)</u>	<u>(344,505)</u>	<u>(5)</u>
OTHER OPERATING INCOME AND EXPENSES (Note 26)	<u>-</u>	<u>-</u>	<u>225,231</u>	<u>3</u>
PROFIT FROM OPERATIONS	<u>570,786</u>	<u>7</u>	<u>994,525</u>	<u>14</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 26 and 34)				
Other income	88,944	1	13,418	-
Gain from bargain purchase - acquisition of associates and joint ventures	-	-	211,110	3
Other gains	609,414	8	98,027	1
Finance costs	(142,185)	(1)	(111,489)	(1)
Share of profit of associates and joint ventures	<u>15,268</u>	<u>-</u>	<u>3,873</u>	<u>-</u>
Total non-operating income and expenses	<u>571,441</u>	<u>8</u>	<u>214,939</u>	<u>3</u>

(Continued)

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ 1,142,227	15	\$ 1,209,464	17
INCOME TAX EXPENSE (Notes 4 and 27)	<u>(142,215)</u>	<u>(2)</u>	<u>(135,932)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>1,000,012</u>	<u>13</u>	<u>1,073,532</u>	<u>15</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	(3,125)	-	(2,955)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	<u>(75,941)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
	<u>(79,066)</u>	<u>(1)</u>	<u>(2,955)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	3,563	-	(10,405)	-
Unrealized gain on available-for-sale financial assets	<u>-</u>	<u>-</u>	<u>58,600</u>	<u>1</u>
	<u>3,563</u>	<u>-</u>	<u>48,195</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(75,503)</u>	<u>(1)</u>	<u>45,240</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 924,509</u>	<u>12</u>	<u>\$ 1,118,772</u>	<u>16</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 978,725	13	\$ 1,066,226	15
Non-controlling interests	<u>21,287</u>	<u>-</u>	<u>7,306</u>	<u>-</u>
	<u>\$ 1,000,012</u>	<u>13</u>	<u>\$ 1,073,532</u>	<u>15</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 903,212	12	\$ 1,111,498	16
Non-controlling interests	<u>21,297</u>	<u>-</u>	<u>7,274</u>	<u>-</u>
	<u>\$ 924,509</u>	<u>12</u>	<u>\$ 1,118,772</u>	<u>16</u>
EARNINGS PER SHARE (Note 28)				
From continuing operations				
Basic	<u>\$ 3.17</u>		<u>\$ 3.49</u>	
Diluted	<u>\$ 3.06</u>		<u>\$ 3.30</u>	

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

(Concluded)

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										Non-controlling Interests	Total Equity
	Share Capital		Capital Surplus	Retained Earnings		Unappropriated Earnings	Other Equity					
	Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve		Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized Gain (Loss) on Available-for-sale Financial Assets			
BALANCE AT JANUARY 1, 2017	299,188	\$ 2,991,876	\$ 1,016,806	\$ 579,610	\$ 231,141	\$ 744,667	\$ 9,034	\$ -	\$ (28,441)	\$ 5,544,693	\$ 28,244	\$ 5,572,937
Special reserve reversed under Rule No. 1010012865 issued by the FSC	-	-	-	-	(211,734)	211,734	-	-	-	-	-	-
Appropriation of 2016 earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	74,776	-	(74,776)	-	-	-	(306,194)	-	(306,194)
Cash dividends distributed by the Company	-	-	-	-	-	(306,194)	-	-	-	-	(914)	(914)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in capital surplus:	-	-	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures	-	-	(3)	-	-	-	-	-	-	(3)	21,987	21,984
Equity component of convertible bonds issued by the Company	-	-	54,892	-	-	-	-	-	-	54,892	-	54,892
Cash dividends distributed from capital surplus	-	-	(244,955)	-	-	-	-	-	-	(244,955)	-	(244,955)
Convertible bonds converted to ordinary shares	7,006	70,061	40,946	-	-	-	-	-	-	111,007	-	111,007
Net profit for the year ended December 31, 2017	-	-	-	-	-	1,066,226	-	-	-	1,066,226	7,306	1,073,532
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	(2,955)	(10,373)	-	58,600	45,272	(32)	45,240
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	1,063,271	(10,373)	-	58,600	1,111,498	7,274	1,118,772
Changes of non-controlling interests	-	-	-	-	-	-	-	-	-	-	150,800	150,800
BALANCE AT DECEMBER 31, 2017	306,194	3,061,937	867,686	654,386	19,407	1,638,702	(1,339)	-	30,159	6,270,938	207,391	6,478,329
Effect of retrospective application and retrospective restatement	-	-	-	-	-	-	-	30,159	(30,159)	-	-	-
BALANCE AT JANUARY 1, 2018 AS RESTATED	306,194	3,061,937	867,686	654,386	19,407	1,638,702	(1,339)	30,159	-	6,270,938	207,391	6,478,329
Special reserve reversed under Rule No. 1010012865 issued by the FSC	-	-	-	-	(19,407)	19,407	-	-	-	-	-	-
Appropriation of 2017 earnings	-	-	-	106,624	-	(106,624)	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	(888)	(888)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(459,291)	-	(459,291)
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in capital surplus:	-	-	66	-	-	-	-	-	-	66	(66)	-
Changes in percentage of ownership interests in subsidiaries (Note 30)	-	-	(153,097)	-	-	-	-	-	-	(153,097)	-	(153,097)
Cash dividends distributed from capital surplus	-	-	-	-	-	-	-	-	-	-	-	-
Convertible bonds converted to ordinary shares	4,494	44,940	103,654	-	-	-	-	-	-	148,594	-	148,594
Net profit for the year ended December 31, 2018	-	-	-	-	-	978,725	-	-	-	978,725	21,287	1,000,012
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	(3,125)	3,553	(75,941)	-	(75,513)	10	(75,503)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	975,600	3,553	(75,941)	-	903,212	21,297	924,509
Changes of non-controlling interests	-	-	-	-	-	-	-	-	-	-	296,973	296,973
BALANCE AT DECEMBER 31, 2018	310,688	\$ 3,106,877	\$ 818,309	\$ 761,010	\$ -	\$ 2,067,794	\$ 2,214	\$ (45,782)	\$ -	\$ 6,710,422	\$ 524,707	\$ 7,235,129

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

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,142,227	\$ 1,209,464
Adjustments for:		
Depreciation expenses	84,761	77,138
Amortization expenses	1,469	740
Expected credit loss reversed on trade receivables	(10,823)	-
Impairment loss recognized on trade receivables	-	34,217
Net gain on financial assets designated as at fair value through profit or loss	(747,066)	(294,293)
Net (gain) loss on financial liabilities designated as at fair value through profit or loss	(24,432)	24,856
Finance costs	142,185	111,489
Interest income	(1,290)	(958)
Dividend income	(71,439)	(83,483)
Share of profit of associates	(15,511)	(3,873)
Loss on disposal of property, plant and equipment	708	208
Loss on disposal of associates	-	10,037
Loss on disposal of available-for-sale financial assets	-	55,796
Impairment loss recognized on available-for-sale financial assets	-	3,860
Unrealized gain on transactions with associates	900	-
Write-downs of inventories	108,793	9,241
Net gain on foreign currency exchange	(39,506)	(47,116)
Net defined benefit liabilities	(3,161)	5,160
Gain from bargain purchase	-	(211,110)
Changes in operating assets and liabilities		
Decrease in financial assets held for trading	-	129,527
Decrease in financial assets mandatorily classified as at fair value through profit or loss	441,610	-
Increase in notes receivable	(302,332)	(52,189)
(Increase) decrease in trade receivables	(3,049)	74,270
Decrease in amounts due from customers for construction contracts	-	2,345
(Increase) decrease in other receivables	(2,482)	57,637
Increase in inventories	(1,416,883)	(494,709)
Increase in prepayments	(63,618)	(39,120)
Decrease (increase) in other current assets	11,039	(16,800)
Increase in notes payable	225,659	3,838
Increase (decrease) in trade payables	179,406	(60,679)
Increase (decrease) in other payables	8,089	(81,670)
Increase in other current liabilities	17,571	28,341
Increase in contract liabilities	24,398	-
Cash (used in) generated from operations	(312,777)	452,164
Interest received	1,290	958
Dividends received	71,439	83,483
Income tax paid	(187,157)	(17,648)
Net cash (used in) generated from operating activities	(427,205)	518,957

(Continued)

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (129,450)	\$ -
Proceeds from capital reduction and return of shares from financial assets at fair value through other comprehensive income	2,222	-
Purchase of financial assets at amortized cost	(116,672)	-
Purchase of available-for-sale financial assets	-	(47,729)
Proceeds from sale of available-for-sale financial assets	-	246,434
Proceeds from capital reduction and return of shares from available-for-sale financial assets	-	9,731
Acquisition of associates and joint ventures	(25,600)	(302,677)
Net cash outflow on acquisition of subsidiaries	-	(594)
Payments for property, plant and equipment	(454,638)	(851,031)
Proceeds from disposal of property, plant and equipment	6,024	2,120
Decrease (increase) in refundable deposits	117	(84)
Increase in other non-current assets	(6,192)	-
Increase in other financial assets	-	(20,173)
Increase in prepayments for equipment	(126,065)	(55,209)
Dividends received from associates	798	634
Net cash used in investing activities	<u>(849,456)</u>	<u>(1,018,578)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	13,353,678	10,023,901
Repayments of short-term borrowings	(10,650,104)	(9,885,397)
(Decrease) increase in short-term bills payable	(40,000)	280,000
Proceeds from issuance of convertible bonds	-	601,200
Proceeds from long-term borrowings	-	750,000
Repayments of long-term borrowings	(229,726)	(617,666)
Dividends paid	(612,388)	(551,149)
Proceeds from guarantee deposits received	13,368	-
Interest paid	(106,719)	(102,959)
Dividends paid to non-controlling interests	(888)	(914)
Increase in non-controlling interests	296,973	150,800
Net cash generated from financing activities	<u>2,024,194</u>	<u>647,816</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>1,249</u>	<u>(6,170)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 748,782	\$ 142,025
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>810,178</u>	<u>668,153</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,558,960</u>	<u>\$ 810,178</u>

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

Independent Auditor's Report and the 2018 Individual Financial Statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hsin Kuang Steel Company Limited

Opinion

We have audited the accompanying financial statements of Hsin Kuang Steel Company Limited (the "Company"), which comprise the balance sheets as of December 31, 2018 and 2017, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and its 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 auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's financial statements for the year ended December 31, 2018 are as follows:

Write-down of Inventories

As of December 31, 2018, inventories in the Company's financial statements amounted to NT\$4,027,175 thousand, representing 24% of total assets. The Company mainly engages in the sale, cutting, slitting, steel structure processing and logistics of various steel products. Under this business model, the Company must reserve various steel products to respond to market and customer demands. Because steel industry is highly affected by fluctuations of international steel prices, changes in the value of inventory can affect the calculation of net realizable value of inventories. The amount of inventories is significant to the financial statements as a whole and the valuation involves management's judgment, in particular, the net realizable value of inventory, is estimated based on past selling prices and actual transactions. Therefore,

we identified write-down of inventories as a key audit matter.

Refer to Notes 4, 5 and 12 to the financial statements for the accounting policies and related disclosures on the write-down of inventories.

We performed the following audit procedures in respect of write-down of inventories:

1. We understood and tested the design and operating effectiveness of key controls over the estimation of inventory write-downs;
2. We took into consideration the steel price charts of China Steel Corporation and the market price trend of nickel metal, which was the main material of stainless steel, in assessing the reasonableness of management's estimate for the inventory write-downs;
3. We selected samples and checked the consistency of data used by management in calculating the allowance for inventory write-downs with original data in the system, as well as samples selection and the most recent sales price corroboration, in order to evaluate the reasonableness of management's estimate and determine inventories which were stated at the lower of net realizable value.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted 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 financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Sheng-Hsiung Yao and Jui-Na Chang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 19, 2019

Notice to Readers

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

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

HSIN KUANG STEEL COMPANY LIMITED

BALANCE SHEETS DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018		2017	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 978,699	6	\$ 707,695	5
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 34)	889,644	5	503,339	4
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	80,115	1	-	-
Available-for-sale financial assets - current (Notes 4 and 10)	-	-	81,767	1
Financial assets at amortized cost - current (Notes 9 and 34)	116,677	1	-	-
Notes receivable from related parties (Notes 11 and 33)	56,772	-	1,097	-
Notes receivable from unrelated parties (Notes 4, 5, 11 and 34)	1,252,277	7	1,015,611	7
Trade receivables from related parties (Notes 11 and 33)	39,488	-	12,235	-
Trade receivables from unrelated parties (Notes 4, 5 and 11)	1,228,738	7	1,240,856	9
Inventories (Notes 4, 5 and 12)	4,027,175	24	2,743,288	20
Prepayments	144,639	1	80,896	1
Other financial assets - current (Notes 4, 13 and 34)	-	-	87,706	1
Other current assets - other (Note 17)	2,301	-	708	-
Total current assets	8,816,525	52	6,475,198	48
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,898,224	11	-	-
Available-for-sale financial assets - non-current (Notes 4, 8 and 34)	-	-	1,850,769	14
Investments accounted for using the equity method (Notes 4 and 14)	2,024,422	12	1,351,258	10
Property, plant and equipment (Notes 4, 15 and 34)	3,165,177	19	3,595,147	26
Investment properties (Notes 4, 16 and 34)	958,879	6	268,846	2
Deferred tax assets (Notes 4 and 26)	32,240	-	13,498	-
Other non-current assets (Notes 4, 5, 11 and 17)	46,612	-	57,731	-
Total non-current assets	8,125,554	48	7,137,249	52
TOTAL	\$ 16,942,079	100	\$ 13,612,447	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 18)	\$ 6,875,405	41	\$ 3,449,674	25
Short-term bills payable (Notes 4 and 18)	429,734	2	469,508	4
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	8,659	-	38,012	-
Contract liabilities - current (Note 24)	143,030	1	-	-
Notes payable to unrelated parties (Notes 4 and 20)	647,007	4	422,237	3
Notes payable to related parties (Notes 20 and 33)	3,156	-	2,034	-
Trade payables to unrelated parties (Notes 4 and 20)	177,687	1	9,642	-
Trade payables to related parties (Notes 20 and 33)	1,482	-	178	-
Other payables (Notes 21 and 33)	165,288	1	147,742	1
Current tax liabilities (Notes 4 and 26)	71,573	-	131,731	1
Current portion of long - term borrowings and bonds payable (Notes 4, 18 and 19)	610,526	4	1,010,526	8
Other current liabilities - other	1,524	-	104,325	1
Total current liabilities	9,135,071	54	5,785,609	43
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 19)	400,337	2	532,148	4
Long-term borrowings (Notes 4 and 18)	128,948	1	737,512	5
Provisions - non-current (Note 4)	3,570	-	3,570	-
Deferred tax liabilities (Notes 4 and 26)	21,605	-	4,590	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	27,744	-	27,780	-
Other non-current liabilities - other (Notes 4 and 33)	514,382	3	250,300	2
Total non-current liabilities	1,096,586	6	1,555,900	11
Total liabilities	10,231,657	60	7,341,509	54
EQUITY (Notes 4 and 23)				
Share capital	3,106,877	18	3,061,937	23
Capital surplus	818,309	5	867,686	6
Retained earnings				
Legal reserve	761,010	5	654,386	5
Special reserve	-	-	19,407	-
Unappropriated earnings	2,067,794	12	1,638,702	12
Total retained earnings	2,828,804	17	2,312,495	17
Other equity	(43,568)	-	28,820	-
Total equity	6,710,422	40	6,270,938	46
TOTAL	\$ 16,942,079	100	\$ 13,612,447	100

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

HSIN KUANG STEEL COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 33)				
Sales	\$ 8,591,658	100	\$ 8,086,772	99
Other operating revenue	<u>22,904</u>	<u>-</u>	<u>81,011</u>	<u>1</u>
Total operating revenue	<u>8,614,562</u>	<u>100</u>	<u>8,167,783</u>	<u>100</u>
OPERATING COSTS (Notes 25 and 33)				
Cost of goods sold	(7,925,662)	(92)	(7,108,450)	(87)
Other operating costs	<u>(6,731)</u>	<u>-</u>	<u>(26,053)</u>	<u>-</u>
Total operating costs	<u>(7,932,393)</u>	<u>(92)</u>	<u>(7,134,503)</u>	<u>(87)</u>
GROSS PROFIT	<u>682,169</u>	<u>8</u>	<u>1,033,280</u>	<u>13</u>
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	(3,803)	-	-	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>678,371</u>	<u>8</u>	<u>1,033,280</u>	<u>13</u>
OPERATING EXPENSES (Notes 4 and 25)				
Selling and marketing expenses	(168,585)	(2)	(183,472)	(2)
General and administrative expenses	(114,273)	(1)	(145,392)	(2)
Expected credit loss	<u>10,823</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>(272,035)</u>	<u>(3)</u>	<u>(328,864)</u>	<u>(4)</u>
OTHER OPERATING INCOME AND EXPENSES (Note 25)	<u>-</u>	<u>-</u>	<u>159,076</u>	<u>2</u>
PROFIT FROM OPERATIONS	<u>406,336</u>	<u>5</u>	<u>863,492</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 25)				
Other income	109,583	1	13,232	-
Other gains and losses	487,604	6	105,063	1
Finance costs	(138,896)	(2)	(106,240)	(1)

(Continued)

HSIN KUANG STEEL COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
Gain from bargain purchase - acquisition of associates and joint ventures	\$ -	-	\$ 206,762	3
Share of profit or loss of subsidiaries and joint ventures	<u>236,611</u>	<u>3</u>	<u>117,648</u>	<u>1</u>
Total non-operating income and expenses	<u>694,902</u>	<u>8</u>	<u>336,465</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	1,101,238	13	1,199,957	15
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(122,513)</u>	<u>(2)</u>	<u>(133,731)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>978,725</u>	<u>11</u>	<u>1,066,226</u>	<u>13</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	(3,125)	-	(2,955)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	<u>(75,941)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
	<u>(79,066)</u>	<u>(1)</u>	<u>(2,955)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	3,553	-	(10,373)	-
Unrealized gain on available-for-sale financial assets	<u>-</u>	<u>-</u>	<u>58,600</u>	<u>1</u>
	<u>3,553</u>	<u>-</u>	<u>48,227</u>	<u>1</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(75,513)</u>	<u>(1)</u>	<u>45,272</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 903,212</u>	<u>10</u>	<u>\$ 1,111,498</u>	<u>14</u>
EARNINGS PER SHARE (Note 27)				
From continuing operations				
Basic	<u>\$ 3.17</u>		<u>\$ 3.49</u>	
Diluted	<u>\$ 3.06</u>		<u>\$ 3.30</u>	

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

(Concluded)

HSIN KUANG STEEL COMPANY LIMITED

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Share Capital		Retained Earnings			Other Equity		Total Equity		
	Number of Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized Gain (Loss) on Available-for- sale Financial Assets
BALANCE AT JANUARY 1, 2017	299,188	\$ 2,991,876	\$ 1,016,806	\$ 579,610	\$ 231,141	\$ 744,667	\$ 9,034	\$ -	\$ (28,441)	\$ 5,544,693
Special reserve reversed under Rule No. 1010012865 issued by the FSC	-	-	-	-	(211,734)	211,734	-	-	-	-
Appropriation of 2016 earnings	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	74,776	-	(74,776)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(306,194)	-	-	-	(306,194)
Other changes in capital surplus	-	-	-	-	-	-	-	-	-	-
Equity component of convertible bonds issued by the Company	-	-	54,892	-	-	-	-	-	-	54,892
Changes in capital surplus from investments in subsidiaries, associates, and joint ventures accounted for using equity method	-	-	(3)	-	-	-	-	-	-	(3)
Cash dividends distributed from capital surplus	-	-	(244,955)	-	-	-	-	-	-	(244,955)
Convertible bonds converted to ordinary shares	7,006	70,061	40,946	-	-	-	-	-	-	111,007
Net profit for the year ended December 31, 2017	-	-	-	-	-	1,066,226	-	-	-	1,066,226
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	(2,955)	(10,373)	-	58,600	45,272
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	1,063,271	(10,373)	-	58,600	1,111,498
BALANCE AT DECEMBER 31, 2017	306,194	3,061,937	867,686	654,386	19,407	1,638,702	(1,339)	-	30,159	6,270,938
Effect of retrospective application and retrospective restatement	-	-	-	-	-	-	-	30,159	(30,159)	-
BALANCE AT JANUARY 1, 2018 AS RESTATED	306,194	3,061,937	867,686	654,386	19,407	1,638,702	(1,339)	30,159	-	6,270,938
Appropriation of 2017 earnings	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	106,624	-	(106,624)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(459,291)	-	-	-	(459,291)
Special reserve under Rule No. 1010012865 issued by the FSC	-	-	-	-	(19,407)	19,407	-	-	-	-
Other changes in capital surplus	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in subsidiaries, associates, and joint ventures accounted for using equity method	-	-	66	-	-	-	-	-	-	66
Cash dividends distributed from capital surplus	-	-	(153,097)	-	-	-	-	-	-	(153,097)
Convertible bonds converted to ordinary shares	4,494	44,940	103,654	-	-	-	-	-	-	148,594
Net profit for the year ended December 31, 2018	-	-	-	-	-	978,725	-	-	-	978,725
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	(3,125)	3,553	(75,941)	-	(75,513)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	975,600	3,553	(75,941)	-	903,212
BALANCE AT DECEMBER 31, 2018	310,688	\$ 3,106,877	\$ 818,309	\$ 761,010	\$ -	\$ 2,067,794	\$ 2,214	\$ (45,782)	\$ -	\$ 6,710,422

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

HSIN KUANG STEEL COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,101,238	\$ 1,199,957
Adjustments for:		
Depreciation expenses	81,071	77,138
Amortization expenses	1,387	690
Expected credit loss reversed on trade receivables	(10,823)	-
Impairment loss on receivables	-	34,217
Net gain on financial assets held for trading	(467,995)	(163,629)
Net (gain) loss on financial liabilities held for trading	(24,521)	24,856
Finance costs	138,896	106,240
Interest income	(1,071)	(775)
Dividend income	(68,281)	(79,959)
Share of profit of subsidiaries, associates and joint ventures	(236,611)	(117,648)
Loss on disposal of property, plant and equipment	708	518
Net loss on disposal of available-for-sale financial assets	-	55,796
Impairment loss recognized on available-for-sale financial assets	-	3,860
Write-downs of inventories	108,793	1,986
Net gain on foreign currency exchange	(39,113)	(47,836)
Unrealized gain on transactions with associates and joint ventures	3,803	-
Realized gain on transactions with associates and joint ventures	(5)	-
Net defined benefit liabilities	(3,161)	5,160
Gain from bargain purchase	-	(206,762)
Changes in operating assets and liabilities		
Decrease in financial assets held for trading	-	183,050
Decrease in financial assets mandatorily classified as at fair value through profit or loss	87,175	-
Increase in notes receivable	(281,490)	(44,239)
(Increase) decrease in trade receivables	(21,474)	2,091
(Increase) decrease in other receivables	(1,706)	13,150
Increase in inventories	(1,392,680)	(548,195)
Increase in prepayments	(63,743)	(42,432)
Decrease in other current assets	113	222
Increase (decrease) in notes payable	225,892	(9,337)
Increase (decrease) in trade payables	174,771	(65,026)
Increase in contract liabilities	24,398	-
(Decrease) increase in other payables	(3,428)	19,042
Increase in other current liabilities	15,831	28,390
Cash (used in) generated from operations	(652,026)	430,525
Interest received	1,071	775
Dividends received	68,281	79,959
Income tax paid	(185,226)	(16,763)
Net cash (used in) generated from operating activities	(767,900)	494,496

(Continued)

HSIN KUANG STEEL COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (129,451)	\$ -
Proceeds from capital reduction and return of shares from Financial assets at fair value through other comprehensive income	2,222	-
Purchase of financial assets at amortized cost	(28,971)	-
Purchase of available-for-sale financial assets	-	(47,729)
Proceeds from sale of available-for-sale financial assets	-	246,434
Proceeds from the capital reduction and return of shares from available-for-sale financial assets	-	9,731
Acquisition of associates and joint ventures	(441,152)	(296,976)
Net cash outflow on acquisition of subsidiaries	-	(231,700)
Payments for property, plant and equipment	(314,068)	(836,119)
Proceeds from disposal of property, plant and equipment	6,024	1,549
Decrease (increase) in refundable deposits	73	(84)
Decrease in other financial assets	-	(22,130)
Increase in other non-current assets	(5,006)	-
Increase in prepayments for equipment	(17,254)	(55,209)
Dividends received from subsidiaries and associates	<u>5,248</u>	<u>5,220</u>
Net cash used in investing activities	<u>(922,335)</u>	<u>(1,227,013)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	13,228,755	9,761,730
Repayments of short-term borrowings	(10,565,104)	(9,460,638)
(Decrease) increase in short-term bills payable	(40,000)	280,000
Proceeds from issuance of convertible bonds	-	601,200
Proceeds from long-term borrowings	-	750,000
Repayments of long-term borrowings	(210,527)	(600,000)
Proceeds from guarantee deposits received	264,082	250,000
Dividends paid	(612,388)	(551,149)
Interest paid	<u>(103,579)</u>	<u>(103,421)</u>
Net cash generated from financing activities	<u>1,961,239</u>	<u>927,722</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	271,004	195,205
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>707,695</u>	<u>512,490</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 978,699</u>	<u>\$ 707,695</u>

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

(Concluded)

[Attachment 5]

Hsin Kuang Steel Company Limited
Earnings Distribution Statement
2018

Unit: NT\$

Item	Amount	
	Subtotal	Total
Retained undistributed earnings carried over from the previous year		1,092,193,742
Minus: Actuarial losses on defined benefit plan (2018)	(3,126,170)	
Plus: Net profit after tax of current year	978,726,805	975,600,635
Appropriated items		
Statutory surplus reserve (10%)	(97,872,681)	
Special surplus reserve	(43,567,467)	(141,440,148)
Distributable earnings of the current year		1,926,354,229
Distribution items		
Shareholder cash dividends – NT\$1.50 per share	(466,031,549)	
		(466,031,549)
Retained undistributed earnings in this year		1,460,322,680

- (1). The Company shall distribute shareholder dividends totaling NT\$466,031,549 this year with cash dividends of NT\$1.50 per share. After the approval of the shareholders' cash and stock dividends proposal by the general shareholders meeting, the Board of Directors shall be authorized to decide the record date for distribution.
- (2). For this period's motion to distribute dividends to shareholders, the dividend will be calculated to the amount of one whole NTD, and any decimal point below one NTD will be rounded down. Shares below one dollar NTD will be adjusted from the largest decimal place, until the total amount of dividend for shareholders has been distributed.
- (3). In the event that the number of shares outstanding are affected by changes in the Company's share capital, making it necessary to revise the shareholder's cash dividend rate as a result, the shareholders' meeting is requested to authorize the Board of Directors or individuals authorized by the Board of Directors to handle such revision at its full discretion.
- (4). The 2018 earnings shall be prioritized for the Company's earnings distribution.

[Attachment 6]

Hsin Kuang Steel Company Limited

Table of Comparison of Revised Articles of the Company's "Articles of Incorporation"

The 33rd amendment was on March 19, 2019

Article	Revised content (underlined)	Original content	Reason for revision
Article 2	<p>The business items operated by the Company are as follows:</p> <p>(1). <u>CA01050 Iron and Steel Rolling, Drawing, and Extruding.</u></p> <p>(2). <u>CA02010 Manufacture of Metal Structure and Architectural Components.</u></p> <p>(3). <u>CA02060 Manufacture of Metal Containers.</u></p> <p>(4). <u>CA02990 Manufacture of Other Fabricated Metal Products.</u></p> <p>(5). <u>F111090 Wholesale of Construction Materials.</u></p> <p>(6). <u>F106010 Wholesale of Ironware.</u></p> <p>(7). <u>F206010 Retail Sale of Ironware.</u></p> <p>(8). <u>F211010 Retail Sale of Construction Materials.</u></p> <p>(9). <u>F401010 International Trade.</u></p> <p>(10). <u>G801010 Warehousing and Storage.</u></p> <p>(11). <u>H701010 Residence and Buildings Lease Construction and Development.</u></p> <p>(12). <u>H703100 Real Estate Rental and Leasing.</u></p> <p>(13). <u>IZ06010 Cargoes Packaging.</u></p> <p>(14). <u>JE01010 Rental and Leasing Activities.</u></p> <p>(15). <u>ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</u></p>	<p>The business items operated by the Company are as follows:</p> <p>(1). Leveling of various steel coils; cutting and stamping of various steel plates, steel section, alloy steel, and special steels.</p> <p>(2). Wholesale and retail of various steel and iron plates, iron tubes, hardware, and machinery equipment.</p> <p>(3). Processing and manufacture of steel frames, building structures, steel tubes, and steel hardware.</p> <p>(4). Contracting vendors to build public housing and commercial buildings for sale and lease.</p> <p>(5). Import and export of aforementioned products and agency for quotation and tenders.</p> <p>(6). ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	Revised and added business items in the original business activities in accordance with the table of business item codes of the Ministry of Economic Affairs.
Article 6	<p>The Company's stocks shall be registered, and signed or <u>sealed</u> by the Director <u>that represents the Company.</u> The stocks shall be issued after the proper certification procedures in accordance with the law. Registered share certificates issued by the Company are not required to be printed. The Company, however, should contact the securities depository and custodian institution for registration of the share certificates.</p>	<p>The Company's stocks shall be registered, and signed or sealed by at least three Directors. The stocks shall be issued after the proper certification procedures in accordance with the law. Registered share certificates issued by the Company are not required to be printed. The Company, however, should contact the securities depository and custodian institution for registration of the share certificates.</p>	Revised wording

Article	Revised content (underlined)	Original content	Reason for revision
	Chapter 4 Directors	Chapter 4 Directors and Supervisors	Deleted text regarding the "Supervisors"
Article 13	<p>The Company shall have six to nine Directors. <u>The number of Directors shall be determined by the Board of Directors. In the number of Directors specified in the previous paragraph, the number of Independent Directors shall be no less than three.</u></p> <p>Directors shall serve a term of three years and may be eligible for re-election. Each share shall be empowered with voting rights equal to the number of elected directors in elections of Directors. These voting rights may be concentrated on one candidate or separated across a number of candidates. Candidates with the highest number of votes shall be elected as the Directors.</p> <p><u>The election of Directors shall be based on the candidate nomination system in accordance with Article 192-1 of the Company Act.</u></p> <p><u>All matters regarding the acceptance method and announcement of the nomination of candidates for Directors will be handled according to the Company Act, the Securities and Exchange Act, and other applicable laws and regulations. The Independent Directors and non-independent Directors shall be elected concurrently and the seats shall be calculated separately.</u></p> <p>When the number of vacancies in the Board of Directors reaches one third of the total number of members, the Board of Directors shall call a meeting of shareholders to elect Directors to fill the vacancies. With the exception of a comprehensive reelection of directors, the term of the newly-elected Director shall expire on the original expiry date of his/her predecessor.</p> <p>The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination, and other requirements with regard to the Independent Directors shall be set forth in accordance with the Securities and Exchange Act and other relevant regulations.</p> <p>The total shareholding ratio held by all</p>	<p>The Company shall have six to nine Directors. The number of Directors to be elected in each term shall be determined by the Board of Directors. In the number of Directors specified in the previous paragraph, the number of Independent Directors shall be no less than three and they shall not represent less than one-fifth of the directors to be elected.</p> <p>Directors shall serve a term of three years and may be eligible for re-election. Each share shall be empowered with voting rights equal to the number of elected directors in elections of Directors. These voting rights may be concentrated on one candidate or separated across a number of candidates. Candidates with the highest number of votes shall be elected as the Directors.</p> <p>When the number of vacancies in the Board of Directors reaches one third of the total number of members, the Board of Directors shall call a meeting of shareholders to elect Directors to fill the vacancies. With the exception of a comprehensive reelection of directors, the term of the newly-elected Director shall expire on the original expiry date of his/her predecessor.</p> <p>The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination, and other requirements with regard to the Independent Directors shall be set forth in accordance with the Securities and Exchange Act and other relevant regulations.</p> <p>The total shareholding ratio held by all Directors of the Company shall be determined in accordance with regulations of the competent authority responsible for securities.</p>	<p>Deleted text regarding the "Supervisors"</p> <p>Candidate nomination system for the election of Directors</p>

Article	Revised content (underlined)	Original content	Reason for revision
	Directors of the Company shall be determined in accordance with regulations of the competent authority responsible for securities.		
Article 13-2	The Company has established an Audit Committee in accordance with regulations in Article 14-4 of the Securities and Exchange Act. The Audit Committee shall consist of all Independent Directors and its powers and related matters shall be devised by the Board of Directors in accordance with the applicable laws. Following the Company's establishment of the Audit Committee, the duties that are previously exercised by supervisors in accordance with the Securities and Exchange Act, the Company Act, other laws and regulations, and the Articles of Incorporation, except for the power and authority stipulated in Article 14-4, Paragraph 4 of the Securities and Exchange Act, shall henceforth be exercised by the Audit Committee. The resolutions of the Audit Committee shall require agreement from more than one half of all members. The convener of the Audit Committee shall represent the Committee externally.	Starting from the 14th-term Board of Directors, the Company shall establish an Audit Committee in accordance with Article 13-2. Upon the establishment of the Audit Committee, the regulations regarding supervisors in the Articles of Incorporation shall cease to apply and the supervisors shall be dismissed at the same time. The Company has established an Audit Committee in accordance with regulations in Article 14-4 of the Securities and Exchange Act. The Audit Committee shall consist of all Independent Directors and its powers and related matters shall be devised by the Board of Directors in accordance with the applicable laws. Following the Company's establishment of the Audit Committee, the duties that are previously exercised by supervisors in accordance with the Securities and Exchange Act, the Company Act, other laws and regulations, and the Articles of Incorporation, except for the power and authority stipulated in Article 14-4, Paragraph 4 of the Securities and Exchange Act, shall henceforth be exercised by the Audit Committee. The resolutions of the Audit Committee shall require agreement from more than one half of all members. The convener of the Audit Committee shall represent the Committee externally.	Deleted text regarding the "Supervisors"
<u>Article 13-4</u>	<u>(Deleted).</u>	The Company shall have three supervisors who shall be elected from among the shareholders with capacity at the shareholders meeting in accordance with the consolidated election method of Article 198 of the Company Act to serve a term of three years and may be eligible for re-election. The total shareholding ratio held by all supervisors of the Company shall be determined in accordance with regulations of the competent authority responsible for securities. When all supervisors leave their positions, the Board of Directors shall call, within sixty days, an extraordinary shareholders meeting to elect supervisors to fill the vacancies; each successor so elected shall hold office for the remaining term of their predecessors only. In addition to executing their duties in	

Article	Revised content (underlined)	Original content	Reason for revision
		accordance with laws, supervisors may attend the meetings of the Board of Directors to express their opinions. They are however not eligible to vote in the meetings.	
Article 15	<p>The board meeting shall be convened at least once every quarter.</p> <p>The first meeting of the Board of Directors for each term shall be convened in accordance with Article 203 of the Company Act. The Board of Directors meeting shall be convened by the Chairman. Other meetings shall be convened and chaired by the Chairman.</p> <p>Notices for the Company's Board of Directors meetings shall be distributed to the <u>Directors</u> at least seven days before the meeting. The date, location, and agenda of the meeting shall be clearly stated in the notice. However, a Board of Directors meeting may be called at any time in the event of an emergency without requiring notices described above. The notice in the preceding paragraph shall be provided in print or in electronic format.</p> <p>Directors' attendance via video conference shall be considered as attendance in person. The Chairman shall chair the Board of Directors meeting. In addition, the Chairman retains the right to represent the Company in signing documents in accordance with resolutions passed in the Board of Directors meeting. The Chairman shall represent the Board of Directors to take actions for furthering the Company's goals during the recess of the Board in accordance with the Board's resolutions.</p> <p>Where the Chairman is absent, the Vice Chairman or other Directors shall act on his/her behalf in accordance with Article 208 of the Company Act. If the Chairman is unable to perform the duties, the Chairman may appoint one of the Directors to act on his/her behalf. If no one is appointed, the remaining Directors will appoint one among them to perform the Chairman 's duties.</p> <p>The Company's operating guidelines and other important items shall be determined by the Board of Directors. The Directors shall exercise their powers in accordance with resolutions adopted by the Board of Directors or the shareholders meeting.</p>	<p>The board meeting shall be convened at least once every quarter.</p> <p>The first meeting of the Board of Directors for each term shall be convened in accordance with Article 203 of the Company Act. The Board of Directors meeting shall be convened by the Chairman. Other meetings shall be convened and chaired by the Chairman.</p> <p>Notices for the Company's Board of Directors meetings shall be distributed to the Directors and Supervisors at least seven days before the meeting. The date, location, and agenda of the meeting shall be clearly stated in the notice. However, a Board of Directors meeting may be called at any time in the event of an emergency without requiring notices described above. The notice in the preceding paragraph shall be provided in print or in electronic format.</p> <p>Directors' attendance via video conference shall be considered as attendance in person. The Chairman shall chair the Board of Directors meeting. In addition, the Chairman retains the right to represent the Company in signing documents in accordance with resolutions passed in the Board of Directors meeting. The Chairman shall represent the Board of Directors to take actions for furthering the Company's goals during the recess of the Board in accordance with the Board's resolutions.</p> <p>Where the Chairman is absent, the Vice Chairman or other Directors shall act on his/her behalf in accordance with Article 208 of the Company Act. If the Chairman is unable to perform the duties, the Chairman may appoint one of the directors to act on his/her behalf. If no one is appointed, the remaining Directors will appoint one among them to perform the Chairman 's duties.</p> <p>The Company's operating guidelines and other important items shall be determined by the Board of Directors. The Directors shall exercise their powers in accordance with resolutions adopted by the Board of Directors or the shareholders meeting.</p>	Deleted text regarding the "Supervisors"
Article 16	The Board of Directors shall be authorized to determine the remuneration for the Chairman <u>and Directors</u> in accordance with	The Board of Directors shall be authorized to determine the remuneration for the Chairman, Directors and Supervisors in	Deleted text regarding the

Article	Revised content (underlined)	Original content	Reason for revision
	their contribution to the Company and the industry's prevailing rates regardless of profits or losses.	accordance with their contribution to the Company and the industry's prevailing rates regardless of profits or losses.	"Supervisors"
Article 18	At the end of each fiscal year, the Company's Board of Directors shall compile the following reports and submit them to <u>the Audit Committee</u> for review at least 30 days before the annual general shareholders meeting: (1) Business Report (2) Financial Statements (3) Proposals on distribution of earnings or make-up of deficits, etc. The documents shall be submitted to the general shareholders meeting for ratification.	At the end of each fiscal year, the Company's Board of Directors shall compile the following reports and submit them to the Supervisors for review at least 30 days before the annual general shareholders meeting: (1) Business Report (2) Financial Statements (3) Proposals on distribution of earnings or make-up of deficits, etc. The documents shall be submitted to the general shareholders meeting for ratification.	
Article 20	If the Company has generated profits for the current year, it shall allocate at least 3% of profits as employee bonus. The Board of Directors shall decide to distribute the bonus as shares or cash, which can also be distributed to employees of affiliated companies that meet certain criteria; if the Company sustains profit for the current year, the Board of Directors shall decide to set aside no more than 3% of profit as <u>remuneration for Directors</u> . Employee bonus and <u>director remuneration</u> proposals shall be presented to the shareholders meeting. However when the Company still has accumulated loss, a certain amount of the earnings shall be retained for making up the loss and the remainder may be set aside as employee bonus and remuneration to Directors according to the percentage specified in the preceding paragraph.	If the Company has generated profits for the current year, it shall allocate at least 3% of profits as employee bonus. The Board of Directors shall decide to distribute the bonus as shares or cash, which can also be distributed to employees of affiliated companies that meet certain criteria; if the Company sustains profit for the current year, the Board of Directors shall decide to set aside no more than 3% of profit as director and supervisor remuneration. Employee bonus and director and supervisor remuneration proposals shall be presented to the shareholders meeting. However when the Company still has accumulated loss, a certain amount of the earnings shall be retained for making up the loss and the remainder may be set aside as employee bonus and remuneration to Directors and Supervisors according to the percentage specified in the preceding paragraph.	Deleted text regarding the "Supervisors"
Article 22	The Articles of Incorporation were established on December 2, 1976. The 1st amendment was on October 12, 1978. The 31st amendment was on June 15, 2016. <u>The 32nd amendment was on June 11, 2019.</u>	The Articles of Incorporation were established on December 2, 1976. The 1st amendment was on October 12, 1978. The 31st amendment was on June 15, 2016.	Added the amendment date

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<p>Article 3 Scope of assets The scope of assets specified in the Procedures include the following:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, and investment property) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. <u>Right-of-use assets.</u> 6. Creditor rights of financial institutions (including receivables, bills purchased and discounted, loans, and non-accrual loans). 7. Derivative products. 8. Assets legally acquired or disposed of through mergers, divestments, business acquisitions or share exchange. 9. Other important assets. 	<p>Article 3 Scope of assets The scope of assets specified in the Procedures include the following:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, investment property, land use rights, inventory in construction business) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. Creditor rights of financial institutions (including receivables, bills purchased and discounted, loans, and non-accrual loans). 6. Derivative products. 7. Assets legally acquired or disposed of through mergers, divestments, business acquisitions or share exchange. 8. Other important assets.

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<p>Article 4 Terms and definitions</p> <p>1.Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a <u>specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <u>contracts.</u></p> <p>7.<u>Investment professional: Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</u></p> <p>8.<u>Securities exchange: The domestic stock exchange refers to Taiwan Stock Exchange Corporation. A foreign securities exchange refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p> <p>9.<u>Securities brokerage operation venue: A domestic OTC venue refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange. A foreign OTC venue refers to a venue at a financial institution that is regulated by a foreign competent authority and permitted to conduct securities business.</u></p>	<p>Article 4 Terms and definitions</p> <p>1.Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes, or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p>
<p>Article 5 Where the Company obtains appraisal reports from professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters, the</p>	<p>Article 5 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with</p>

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<p>certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall meet the following requirements:</u></p> <p>1. <u>May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p>2. <u>May not be a related party or de facto related party of any party to the transaction.</u></p> <p>3. <u>If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></p> <p><u>The aforementioned personnel shall meet the following criteria when submitting an appraisal report or opinion:</u></p> <p>1. <u>Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p>2. <u>When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></p> <p>3. <u>They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></p> <p>4. <u>They shall issue a statement attesting to the professional competence and independence of the</u></p>	<p>appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of the Company.</p>

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<p><u>personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p>	
<p>Article 8 Procedures for Assessment and Acquisition of Securities 1.Price determination methodology and supporting reference materials (1) <u>Securities acquired through cash contribution in an incorporation by promotion or by public offering in accordance with the Company Act.</u></p>	<p>Article 8 Procedures for Assessment and Acquisition of Securities 2.Price determination methodology and supporting reference materials (1) Securities acquired through cash contribution in an incorporation by promotion or by public offering.</p>

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<p>Article 9 Evaluation and Operating Procedures for the Acquisition or Disposal of Real Property or Other Fixed Assets</p> <p>1.Price determination methodology and supporting reference materials</p> <p>In acquiring or disposing of real property, equipment, <u>or right-of-use assets thereof</u>, the original user unit or related authorized unit shall submit a proposal with explanations to the asset management unit to process through price comparison, price negotiation, or tendering in accordance with the publicly announced current value, appraised value, actual transaction prices of nearby real property, and transaction prices of similar assets in recent periods.</p> <p>2.Appointment of experts to provide appraisal report</p> <p>In acquiring or disposing of real property, equipment, <u>or right-of-use assets thereof</u> where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment <u>or right-of-use assets thereof</u> held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1)Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; <u>the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</u></p>	<p>Article 9 Evaluation and Operating Procedures for the Acquisition or Disposal of Real Property or Other Fixed Assets</p> <p>1.Price determination methodology and supporting reference materials</p> <p>In acquiring or disposing of real property or equipment, the original user unit or related authorized unit shall submit a proposal with explanations to the asset management unit to process through price comparison, price negotiation, or tendering in accordance with the publicly announced current value, appraised value, actual transaction prices of nearby real property, and transaction prices of similar assets in recent periods.</p> <p>2.Appointment of experts to provide appraisal report</p> <p>In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government authority, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1)Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p>
<p>Article 10 Assessment and operating procedures for related-party transactions</p> <p>1.When the Company intends to acquire or dispose of real property <u>or right-of-use assets thereof</u> from or to a related party, or when it intends to acquire or</p>	<p>Article 10 Assessment and operating procedures for related-party transactions</p> <p>1.When the Company intends to acquire or dispose of real property from or to a related</p>

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<p>dispose of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the Supervisors:</p> <p>(3) With respect to the acquisition of real property <u>or right-of-use assets thereof</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph 1, Subparagraph 2 and Subparagraph 3 of this Article.</p> <p>With respect to the acquisition or disposal of business-use <u>property, machinery, equipment, or right-of-use assets thereof</u>, the Board of Directors may, pursuant to the Company's "Duties Division Table of the Board of Directors, Chairman, and General Manager", delegate the Chairman of the Board to decide such matters for transactions within the authorized amount and have the decisions subsequently submitted to the next Board of Directors meeting for ratification.</p> <p>2. Appraisal of the reasonableness of the transaction price</p> <p>(1) When the Company acquires <u>real property, equipment, or right-of-use assets thereof</u> from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>(2) Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in (1).</p> <p>(3) Where the Company acquires real property <u>or right-of-use assets thereof</u> from a related party, it shall appraise the cost of the real property in accordance with (1) and (2) and engage a CPA to review the appraisal and render an opinion.</p> <p>(4) Where the Company acquires real property <u>or right-of-use assets thereof</u> from a related party and one of the following circumstances exists, the acquisition shall be conducted in</p>	<p>party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the Supervisors:</p> <p>(3) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph 1, Subparagraph 2 and Subparagraph 3 of this Article.</p> <p>With respect to the acquisition or disposal of business-use machinery and equipment, the Board of Directors may, pursuant to the Company's "Duties Division Table of the Board of Directors, Chairman, and General Manager", delegate the Chairman of the Board to decide such matters for transactions within the authorized amount and have the decisions subsequently submitted to the next Board of Directors meeting for ratification.</p> <p>2. Appraisal of the reasonableness of the transaction price</p> <p>(1) When the Company acquires real property from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>(2) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in (1).</p> <p>(3) Where the Company acquires real property from a related party, it shall appraise the cost of the real property in accordance with (1) and (2) and engage a CPA to review the appraisal and render an opinion.</p> <p>(4) Where the Company acquires real property from a related party and one</p>

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<p>accordance with Paragraph 1, Subparagraph 1 of this Article and provisions in (1) to (3) above shall not apply:</p> <p>1. The related party acquired the real property or <u>right-of-use assets thereof</u> through inheritance or as a gift.</p> <p>2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or <u>right-of-use assets thereof</u> to the signing date for the current transaction.</p> <p><u>4. Acquisition of real property right-of-use assets for business use by a parent company or its subsidiaries</u></p> <p>3. Where the results of appraisals conducted in accordance with (1) and (2) are uniformly lower than the transaction price, the acquisition shall be processed in accordance with Paragraph 1, Subparagraph 4 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>(1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>2. Completed <u>transactions</u> by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or <u>leasing</u> practices.</p> <p>(2) Where the Company acquiring real property, or <u>obtaining real property right-of-use assets through leasing</u>, from a related party provides evidence that the terms of the transaction are similar to the terms of completed <u>transactions</u> involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p>	<p>of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraph 1, Subparagraph 1 of this Article and provisions in (1) to (3) above shall not apply:</p> <p>1. The related party acquired the real property through inheritance or as a gift.</p> <p>2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>3. Where the results of appraisals conducted in accordance with (1) and (2) are uniformly lower than the transaction price, the acquisition shall be processed in accordance with Paragraph 1, Subparagraph 4 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>(1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and completed transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale practices.</p> <p>3. Completed transactions by unrelated parties within the preceding year involving other floors of the same property, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market leasing practices.</p> <p>(2) Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or</p>

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	<p>closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions involving neighboring or closely valued parcels of land in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.</p> <p>4. Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Subparagraph 2 and Subparagraph 3 are uniformly lower than the transaction price, the following steps shall be taken:</p>
<p><u>Transactions</u> involving neighboring or closely valued parcels of land in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to <u>transactions</u> completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property <u>or</u> <u>obtainment of the right-of-use assets thereof</u>.</p> <p>4. Where the Company acquires real property <u>or</u> <u>right-of-use assets thereof</u> from a related party and the results of appraisals conducted in accordance with Subparagraph 2 and Subparagraph 3 are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(1) A special reserve shall be set aside in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act against the difference between the transaction price and the appraised cost of the real property <u>or</u></p>	<p>(1) A special reserve shall be set aside in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, the special reserve called for under Article 41, Paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the shareholding ratio of the Company's equity stake in the other company.</p> <p>(2) Supervisors shall comply with Article 218 of the Company Act.</p> <p>If the Company has set aside a special reserve under the preceding paragraphs, it shall not draw on the reserve unless it has recognized the loss on decline in market value of the assets it purchased at a premium; has disposed of the assets or made adequate compensation; or has restored the status quo ante; or there is other evidence confirming</p>

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<p><u>right-of-use assets thereof</u>, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, the special reserve called for under Article 41, Paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the shareholding ratio of the Company's equity stake in the other company.</p> <p>(2)Supervisors shall comply with Article 218 of the Company Act. <u>Where an Audit Committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the Independent Director members of the Audit Committee.</u></p> <p>If the Company has set aside a special reserve under the preceding paragraphs, it shall not draw on the reserve unless it has recognized the loss on decline in market value of the assets it <u>purchased or leased at a premium; terminated the lease contract</u>; has disposed of the assets or made adequate compensation; or has restored the status quo ante; or there is other evidence confirming that there was nothing unreasonable about the transaction. Agreement from the Securities and Futures Bureau is also required.</p> <p>5. When the Company obtains real property <u>or right-of-use assets thereof</u> from a related party, it shall also comply with provisions in Subparagraph 4 if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	<p>that there was nothing unreasonable about the transaction. Agreement from the Securities and Futures Bureau is also required.</p> <p>5. When the Company obtains real property from a related party, it shall also comply with provisions in Subparagraph 4 if there is other evidence indicating that the acquisition was not an arms length transaction.</p>

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<p>Article 11 Evaluation and operating procedures for the acquisition or disposal of memberships or intangible assets</p> <p>1.Price determination methodology and supporting reference materials</p> <p>For the acquisition or disposal of <u>intangible assets or right-of-use assets thereof or memberships</u>, the Company shall account for possible future benefits and fair market value of such assets. Where necessary, the Company may consult the opinions of experts and negotiate with transaction counterparties.</p> <p>2.Appointment of experts to provide opinion</p> <p>(3)Where the Company acquires or disposes of <u>intangible assets or right-of-use assets thereof or memberships</u> and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a <u>domestic</u> government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>Article 11 Evaluation and operating procedures for the acquisition or disposal of memberships or intangible assets</p> <p>1.Price determination methodology and supporting reference materials</p> <p>For the acquisition or disposal of memberships or intangible assets, the Company shall account for possible future benefits and fair market value of such assets. Where necessary, the Company may consult the opinions of experts and negotiate with transaction counterparties.</p> <p>2.Appointment of experts to provide opinion</p> <p>(3)Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>
<p>Article 13 Procedures for assessment and acquisition of derivatives</p> <p>3.Internal audit system</p> <p>The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.</p> <p><u>Where Independent Directors have been appointed in accordance with the provisions of the Act, for matters for which notice shall be given to the Supervisors under the preceding paragraph, written notice shall also be given to the Independent Directors.</u></p> <p><u>Where an Audit Committee has been established</u></p>	<p>Article 13 Procedures for assessment and acquisition of derivatives</p> <p>4.Internal audit system</p> <p>The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.</p>

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<p><u>in accordance with the provisions of the Act, the provisions of Paragraph 2 relating to Supervisors shall apply mutatis mutandis to the Audit Committee.</u></p>	
<p>Article 15 Public announcement and regulatory filing procedures</p> <p>1. Under any of the following circumstances, the Company shall, within 2 days from the date of occurrence of the event, publicly announce and report the relevant information about the acquisition or disposal of assets on the designated website of the Financial Supervisory Commission using the specified format:</p> <p>(1) Acquisition or disposal of real property <u>or right-of-use assets thereof</u> from or to a related party, or acquisition or disposal of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by securities investment trust enterprises.</p> <p>(4) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>(5) Asset transactions other than the ones specified in the preceding (1) to (4) clauses, disposals of debt entitlement by a financial institution, or investments in Mainland China that amount to 20% of the Company's paid-up capital or more than NT\$300 million. This</p>	<p>Article 15 Public announcement and regulatory filing procedures</p> <p>1. Under any of the following circumstances, the Company shall, within 2 days from the date of occurrence of the event, publicly announce and report the relevant information about the acquisition or disposal of assets on the designated website of the Financial Supervisory Commission using the specified format:</p> <p>(1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by securities investment trust enterprises.</p> <p>(4) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>(5) Asset transactions other than the ones specified in the preceding (1) to (4) clauses, disposals of debt entitlement by a financial institution, or investments in Mainland China that amount to 20% of the Company's paid-up capital or more than NT\$300 million. This shall not apply to the following circumstances:</p>

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<p>shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of <u>domestic</u> government bonds 2. Securities trading by investment professionals on foreign or domestic securities exchanges or places of business of securities firm, subscription and issuance of regular corporate bonds on the domestic primary market and regular financial bonds <u>(excluding subordinated debt) that do not involve shareholding rights, subscription or redemption of securities investment trust funds or futures trust funds</u>, or securities required for subscription by the Taipei Exchange due to the business requirements of a securities firm or an advisory recommending securities firm of the issuer registered for TPEX trading of Emerging Stock. 4. Where the type of asset acquired or disposed is equipment/machinery <u>or right-of-use assets thereof</u> for business use, the trading counterparty is not a related party, and the transaction amount has reached one of the following conditions: 5. Acquisition or disposal by a public company in the construction business of real property <u>or right-of-use assets thereof</u> for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million. <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> (3) The cumulative transaction amount of real property <u>or right-of-use assets thereof</u> acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. 	<ol style="list-style-type: none"> 1. Trading of government bonds. 2. Securities trading by investment professionals on foreign or domestic securities exchanges or places of business of securities firm, subscription and issuance of regular corporate bonds on the domestic primary market and regular financial bonds that do not involve shareholding rights, or securities required for subscription by the Taipei Exchange due to the business requirements of a securities firm or an advisory recommending securities firm of the issuer registered for TPEX trading of Emerging Stock. 4. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount has reached one of the following conditions: 5. Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million. <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> (3) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
<p>6. Information required to be publicly announced</p>	<ol style="list-style-type: none"> 6. Information required to be publicly announced and reported in accordance with this Article on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company shall be reported by the Company. With regard to the threshold for announcement or reporting by subsidiaries (i.e. 20% of paid-in capital or 10% of total assets), the calculation basis for the

Hsin Kuang Steel Company Limited

Table of Comparison of Revised Articles of the Company's "Procedures for the Acquisition or Disposal of Assets"

The 19th amendment was on December 18, 2018

Revised content (<u>underlined</u>)	Original content
and reported in accordance with this Article on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company shall be reported by the Company. With regard to the threshold for announcement or reporting by subsidiaries, the calculation basis for the threshold shall be the paid-in capital or total assets of the Company.	threshold shall be the paid-in capital or total assets of the Company.
Article 18 Supplementary provisions from relevant regulations Issues not addressed in the Procedures shall be governed by relevant regulations. <u>The corresponding amendments in the Procedures shall be implemented starting from January 1, 2019 in accordance with the schedule for compliance to amendments to IFRS 16 "Leases" of public companies in Taiwan.</u>	Article 18 Supplementary provisions from relevant regulations Issues not addressed in the Procedures shall be governed by relevant regulations.
Article 19 Implementation The Procedures shall be delivered to the Supervisors <u>or the Audit Committee</u> following approval in the Board of Directors meeting and submitted to the shareholders' meeting for approval before implementation. The same shall apply to amendments.	Article 19 Implementation The Procedures shall be delivered to the Supervisors following approval in the Board of Directors meeting and submitted to the shareholders' meeting for approval before implementation. The same shall apply to amendments.
Article 20 Revision Date <u>The Procedures were submitted to the shareholders' meeting on June 20, 2018 for review.</u> The Procedures were passed in the shareholders' meeting on June 15, 2017. The 1st amendment was on May 26, 1994. The 15th amendment was on March 18, 2014. The 16th amendment was on March 17, 2015. The 17th amendment was on March 14, 2017. <u>The 19th amendment was on March 13, 2018.</u>	Article 20 Revision Date The Procedures were passed in the shareholders' meeting on June 15, 2017. The 1st amendment was on May 26, 1994. The 15th amendment was on March 18, 2014. The 16th amendment was on March 17, 2015. The 10th amendment was on March 14, 2017.

[Attachment 8]

Hsin Kuang Steel Company Limited

Table of Comparison of Revised Articles of the "Procedures for Extending Loans to Others"

The 10th amendment was on March 19, 2019

Revised content (underlined)	Original content	Description
<p>Article 1 Purpose</p> <p>The Company established the Procedures based on actual business requirements and in compliance with Article 15 of the Company Act.</p> <p>Unless otherwise specified by <u>related financial</u> regulations, the Company's extension of loans to others shall be implemented in accordance with these Procedures.</p>	<p>Article 1 Purpose</p> <p>The Company established the Procedures based on actual business requirements and in compliance with Article 15 of the Company Act.</p> <p>Unless otherwise specified by law, the Company's extension of loans to others shall be implemented in accordance with these Procedures.</p>	Revised wording
<p>Article 3 Eligible borrowers</p> <p><u>The Company shall not extend loans to shareholders or any other individual except under the following conditions:</u></p> <p>(1). A subsidiary company in which the Company directly and indirectly holds more than 50 percent of the voting shares and retains actual business management controlling rights.</p> <p>(2). A parent company that directly and indirectly holds more than 50 percent of the voting shares in the Company.</p> <p>A "subsidiary" or "parent company" as referred to in these Procedures shall be as determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>The "actual business management controlling rights" mean that the chairman of the board, general manager, and accounting manager of the controlled company are assigned by the Company.</p>	<p>Article 3 Eligible borrowers</p> <p>(1). A subsidiary company in which the Company directly and indirectly holds more than 50 percent of the voting shares and retains actual business management controlling rights.</p> <p>(2). A parent company that directly and indirectly holds more than 50 percent of the voting shares in the Company.</p> <p>A "subsidiary" or "parent company" as referred to in these Procedures shall be as determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>The "actual business management controlling rights" mean that the chairman of the board, general manager, and accounting manager of the controlled company are assigned by the Company.</p>	Explicit explanation regarding eligible borrowers

Revised content (underlined)	Original content	Description
<p>Article 4 Standards for evaluating loans to others</p> <p>1. A subsidiary company in which the Company directly and indirectly holds more than 50 percent of the voting shares and retains actual business management controlling rights that requires short-term financing due to business or operation turnover requirements. <u>The financing amount shall not exceed requirements specified in Article 5.</u></p> <p>2. A parent company which directly or indirectly holds more than 50 percent of the voting shares in the Company that requires short-term financing due to business or operation turnover requirements. <u>The financing amount shall not exceed requirements specified in Article 5.</u></p> <p>"Short-term" refers to periods of one year or one business cycle (whichever is longer).</p> <p>A "subsidiary" or "parent company" as referred to in these Procedures shall be as determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>The "actual business management controlling rights" mean that the chairman of the board, general manager, and accounting manager of the controlled company are assigned by the Company.</p> <p><u>The financing amount refers to the cumulative balance of the Company's short-term financing funds.</u></p>	<p>Article 4 Standards for evaluating loans to others</p> <p>1. A subsidiary company in which the Company directly and indirectly holds more than 50 percent of the voting shares and retains actual business management controlling rights that requires short-term financing due to business or operation turnover requirements.</p> <p>2. A parent company which directly or indirectly holds more than 50 percent of the voting shares in the Company that requires short-term financing due to business or operation turnover requirements.</p> <p>"Short-term" refers to periods of one year or one business cycle (whichever is longer).</p> <p>A "subsidiary" or "parent company" as referred to in these Procedures shall be as determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>The "actual business management controlling rights" mean that the chairman of the board, general manager, and accounting manager of the controlled company are assigned by the Company.</p>	
<p>Article 7 Interest calculation method</p> <p>The Company's loan extension interest rate shall be a floating interest rate based on the <u>average baseline interest rate of the five major banks announced by the Central Bank</u>. As a principle, the Company shall collect loan interest on a monthly basis.</p> <p>In the event of special conditions, adjustments may be provided with the approval of the Board of Directors.</p>	<p>Article 7 Interest calculation method</p> <p>The Company's loan extension interest rate shall be a floating interest rate based on the average baseline interest rate of the three major commercial banks (i.e. First Bank, Hua Nan Bank, and Chang Hwa Bank) plus one percent. As a principle, the Company shall collect loan interest on a monthly basis.</p> <p>In the event of special conditions, adjustments may be provided with the approval of the Board of Directors.</p>	Adjusted the basis of interest calculation
<p>Article 8 Decision-making level</p> <p>The Company's loans to others shall be approved by the Board of Directors before implementation.</p> <p>The opinions of Independent Directors shall be taken into full consideration <u>for loans to others</u> and their approval or objection and reasons shall be listed in the meeting minutes of the Board of Directors.</p>	<p>Article 8 Decision-making level</p> <p>The Company's loans to others shall be approved by the Board of Directors before implementation.</p> <p>If the Company has appointed Independent Directors, the opinions of Independent Directors shall be taken into full consideration for loans to others and their approval or objection and reasons shall be listed in the meeting minutes of the Board of Directors.</p>	Revised wording
<p>Article 9 Implementation and review procedures for loans</p>	<p>Article 9 Implementation and review procedures for loans</p>	As eligible borrowers

Revised content (underlined)	Original content	Description
<p>1. Execution unit The Accounting Department shall be responsible for the implementation of the Company's loans to others. Where necessary, the General Manager may assign other responsible personnel to provide assistance.</p> <p>2. Review procedures and loan approval</p> <p>(1) Credit investigation <u>The Company shall require related certification documents and financial information of borrower and conduct detailed credit investigations on companies or businesses that apply for loans.</u></p> <p>(2) Review and evaluation For loans within the ceiling specified in Article 5, the borrower shall fill out the application form for the handling unit to formulate a detailed review and evaluation report which shall include the following items:</p> <ol style="list-style-type: none"> 1. Necessity and reasonableness for loans to others. 2. The borrower's credit status and risk assessment. 3. Impact on the Company's business operational risks, financial condition, and shareholders' interest. 4. Whether collateral must be obtained and appraisal of the value thereof. <p><u>The handling personnel shall submit the credit investigation, review, and evaluation report along with the proposed loan amount, deadline, interest rate, and other evaluation documents and information to the General Manager and Chairman of the Board for approval. Loans shall be submitted to the Board of Directors for a resolution in accordance with Article 8.</u></p> <p>(3) Loan approval <u>After a loan is approved by the Board of Directors, the borrower shall be required to sign the contract within the deadline. The contract shall specify the Company's loan conditions in details including the credit limit, duration, interest rate, collateral, and guarantors. The borrower shall complete loan guarantee quality (collateral) settings and guarantor identity confirmation procedures (if any) for loan grant.</u></p>	<p>1. Execution unit The Accounting Department shall be responsible for the implementation of the Company's loans to others. Where necessary, the General Manager may assign other responsible personnel to provide assistance.</p> <p>2. Review procedures and loan approval</p> <p>(1) Credit investigation The Company shall conduct detailed credit investigations on companies or businesses that apply for loans. The principles are as follows:</p> <ol style="list-style-type: none"> 1. First-time borrowers shall submit photocopies of related certifications of the Company and the identity certification documents of the legal representative and provide necessary financial data to facilitate credit investigations. 2. As a principle, the Company shall conduct a credit investigation on borrowers that apply for subsequent loans each year. For material cases, the Company may implement regular credit investigations based on actual requirements. 3. If the borrower's finance and credit conditions are sound and its annual financial statements have been certified by a CPA, credit investigation reports completed between one and two years prior may be accepted. The Company shall also refer to the CPA-audited financial statements for reports regarding the loan. <p>(2) Review and evaluation For loans within the ceiling specified in Article 5, the borrower shall fill out the application form for the handling unit to formulate a detailed review and evaluation report which shall include the following items:</p> <ol style="list-style-type: none"> 1. Necessity and reasonableness for loans to others. 2. The borrower's credit status and risk assessment. 3. Impact on the Company's business operational risks, financial condition, and shareholders' interest. 4. Whether collateral must be obtained and appraisal of the value thereof. <p>(3) Loan approval</p> <ol style="list-style-type: none"> 1. If the borrower's credit rating is revealed to be poor after the review and evaluation or if the borrower is deemed as ineligible for loans due to other reasons, the handling personnel shall submit the reason for the refusal of the loan for approval and respond to the borrower as quickly as possible. 2. For cases deemed to be of good credit rating, 	<p>specified in Article 3 are restricted to subsidiary or parent companies with actual business management controlling rights, the operating procedures are simplified.</p>

Revised content (underlined)	Original content	Description
	<p>legitimate loan usage, and does not negatively impact the Company's finances or shareholders' interest in the review and evaluation, the handling personnel shall submit the credit investigation, review, and evaluation report along with the proposed loan amount, deadline, interest rate, and other evaluation documents and information to the General Manager and Chairman of the Board for approval. Loans may only be implemented after they are approved by the Board of Directors in a resolution in accordance with Article 8.</p> <p>3. Notify the borrower After a loan is approved, the handling personnel shall promptly inform the borrower via an official notice or telephone and explain the Company's loan conditions in details including the credit limit, duration, interest rate, collateral, and guarantors. The borrower shall be requested to sign the contract within the deadline and complete loan guarantee quality (collateral) settings and guarantor identity confirmation procedures for loan grant.</p> <p>4. Contract signing and identity confirmation</p> <p>(1) The handling personnel shall formulate the terms of the loan contract which shall be reviewed by supervisors and submitted to the legal counsel for approval before implementing contract signing procedures.</p> <p>(2) The terms of the loan contract shall meet the approved terms for the loan. After the borrower and joint guarantor sign on the loan contract, the handling personnel shall complete the identity confirmation procedures.</p> <p>5. Security</p> <p>(1) Where necessary, the Board of Directors may request the borrower to provide collaterals equivalent to the credit limit for the Company's loans to others and complete pledge or mortgage setting procedures to protect the Company's creditor rights. If the borrower provides individuals or companies as proof of equivalent financial means and credit in lieu of collaterals, the Board of Directors may reference the opinions of the Accounting Department for implementation. Where a company is used as a guarantor, the articles of incorporation of the guarantor company must include clauses that allow the company to provide guarantees. It shall</p>	

Revised content (<u>underlined</u>)	Original content	Description
	<p>also submit meeting minutes of its shareholders' meeting or meeting of its Board of Directors regarding the resolution on the loan guarantee.</p> <p>(2) Except for land and securities, fire insurance must be purchased for collateral. Full insurance coverage must be purchased for ships and vehicles and, as a principle, the insurance amount shall not be lower than the value of the pledged assets. The Company shall also be specified as the beneficiary on the insurance policy. The names, quantities, storage locations, insurance conditions, and insurance policy serial number on the insurance policy must be consistent with the Company's original loan conditions. If a building is not assigned a street number as of the time of setting, the address shall be specified based on the section and land parcel number.</p> <p>(3) The processing shall be responsible for notifying the borrower to continue the insurance policy before the expiry of the insured period.</p> <p>6. Fund allocation After a loan is approved and required procedures are completed in accordance with the Procedures, funds may be allocated after confirmation by the Accounting Department.</p>	

Revised content (underlined)	Original content	Description
<p>Article 10 Public announcement and regulatory filing procedures</p> <p>1. The Company shall publicly announce and file the previous month's balance of its loans and its subsidiaries before the 10th day of each month.</p> <p>2. Where the balance of Company's loans reaches one of the following thresholds, it shall enter the information on the information reporting system designated by the Financial Supervisory Commission (hereinafter referred to as the FSC) of the Executive Yuan within two days of the occurrence of such events:</p> <p>(1) The balance of the Company and its subsidiaries' loans to others reaches 20% or more of the Company's net worth as specified in the Company's latest financial statements.</p> <p>(2) The balance of the Company and its subsidiaries' loans to a single company reaches 10% or more of the Company's net worth as specified in the latest financial statements.</p> <p>(3) The new loans of the Company and its subsidiaries reach NT\$10 million or 2% or more of the Company's net worth as specified in the latest financial statements.</p> <p>3. In the event that the subsidiary is not a publicly listed company, the Company shall, on behalf of the subsidiary, carry out relevant information announcement and reporting as stipulated in Subparagraph 4 above, if necessary.</p> <p>The date of occurrence refers to, the earliest of, the transaction contract signing date, payment date, the Board of Directors' resolution date or any other dates when the transaction counterparty and the transaction amount <u>of the loan</u> can be verified with certainty.</p>	<p>Article 10 Public announcement and regulatory filing procedures</p> <p>1. The Company shall publicly announce and file the previous month's balance of its loans and its subsidiaries before the 10th day of each month.</p> <p>2. Where the balance of Company's loans reaches one of the following thresholds, it shall enter the information on the information reporting system designated by the Financial Supervisory Commission (hereinafter referred to as the FSC) of the Executive Yuan within two days of the occurrence of such events:</p> <p>(1) The balance of the Company and its subsidiaries' loans to others reaches 20% or more of the Company's net worth as specified in the Company's latest financial statements.</p> <p>(2) The balance of the Company and its subsidiaries' loans to a single company reaches 10% or more of the Company's net worth as specified in the latest financial statements.</p> <p>(3) The new loans of the Company and its subsidiaries reach NT\$10 million or 2% or more of the Company's net worth as specified in the latest financial statements.</p> <p>3. In the event that the subsidiary is not a publicly listed company, the Company shall, on behalf of the subsidiary, carry out relevant information announcement and reporting as stipulated in Subparagraph 4 above, if necessary.</p> <p>The date of occurrence refers to, the earliest of, the transaction contract signing date, payment date, the Board of Directors' resolution date or any other dates when the transaction counterparty and the transaction amount can be verified with certainty.</p>	<p>Revised wording</p>
<p>Article 13 Internal audit</p> <p>The Company's <u>internal auditors shall audit the Procedures for Extending Loans to Others and the implementation at least once every quarter and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.</u></p>	<p>Article 13 Internal audit</p> <p>The Company's internal auditors shall audit the Procedures for Extending Loans to Others and the implementation at least once every quarter and prepare written records accordingly. They shall promptly notify the Supervisors in writing of any material violation found.</p>	<p>Replaced Supervisors with the Audit Committee in accordance with the amendment</p>

Revised content (underlined)	Original content	Description
<p>Article 15 Penal provisions</p> <p>A violation of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" of the FSC or the Company's "Procedures for Extending Loans to Others" by the managing director or person in charge of the loan shall be processed and penalized in accordance with the Company's related human resources management regulations and Work Rules based on the severity of the violation.</p> <p><u>Where the legal representative of the Company violates Article 3 of the "Procedures for Extending Loans to Others", he/she shall bear joint and several responsibilities with the borrower; where damage is caused to the Company, he/she shall also be liable for compensation for damage.</u></p>	<p>Article 15 Penal provisions</p> <p>A violation of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" of the FSC or the Company's "Procedures for Extending Loans to Others" by the managing director or person in charge of the loan shall be processed and penalized in accordance with the Company's related human resources management regulations and Work Rules based on the severity of the violation.</p>	<p>The amendment expressly specifies that the legal representative of the Company shall be jointly and severally liable for damage caused by the borrower to the Company for the violation of Article 3 of the Procedures.</p>
<p>Article 16 Other Matters</p> <p>1. The Company's Board of Directors shall order the Accounting Department to take charge of the investigation and evaluation of loans provided to others before the implementation of the Procedures. The results shall be reported to the Board of Directors for ratification. Where the loan exceeds the approved loan limit, the Accounting Department shall notify the borrower to repay the excess loans within six months of the implementation of the Procedures.</p> <p>2. Where a change in the Company causes the borrower to be incompatible with the regulations in the Procedures or causes the amount to exceed the limit, an improvement plan shall be formulated and delivered to the <u>Audit Committee</u> to complete improvements based on the schedule of the plan.</p> <p>3. The Company shall evaluate the conditions of the loans and set aside adequate reserve for bad debts. It shall also disclose related information in the Financial Report and provide related information to the CPA for implementation of necessary auditing procedures.</p>	<p>Article 16 Other Matters</p> <p>1. The Company's Board of Directors shall order the Accounting Department to take charge of the investigation and evaluation of loans provided to others before the implementation of the Procedures. The results shall be reported to the Board of Directors for ratification. Where the loan exceeds the approved loan limit, the Accounting Department shall notify the borrower to repay the excess loans within six months of the implementation of the Procedures.</p> <p>2. Where a change in the Company causes the borrower to be incompatible with the regulations in the Procedures or causes the amount to exceed the limit, an improvement plan shall be formulated and delivered to the Supervisors to complete improvements based on the schedule of the plan.</p> <p>3. The Company shall evaluate the conditions of the loans and set aside adequate reserve for bad debts. It shall also disclose related information in the Financial Report and provide related information to the CPA for implementation of necessary auditing procedures.</p>	<p>Replaced Supervisors with the Audit Committee in accordance with the amendment</p>

Revised content (underlined)	Original content	Description
<p>Article 18 Implementation</p> <p>1. The Procedures shall be approved by a majority of all members of the Audit Committee and submitted to the Board of Directors for resolution before it is submitted to the shareholders' meeting for approval. The same shall apply to amendments. If there is any objection raised by a Director and such objections have been recorded or made in writing, the Company shall submit the objection to the Audit Committee and report it in the shareholders' meeting for discussion. The same shall apply to amendments.</p> <p>2. If the Company has appointed Independent Directors, the opinions of Independent Directors shall be taken into full consideration for loans to others and their approval or objection and reasons shall be listed in the meeting minutes of the Board of Directors.</p> <p>"All members of the Audit Committee" shall include only the persons who are currently holding such offices.</p>	<p>Article 18 Implementation</p> <p>The Procedures shall be delivered to the Supervisors following approval in the Board of Directors meeting and submitted to the shareholders' meeting for approval before implementation. The same shall apply to amendments.</p>	<p>Replaced Supervisors with the Audit Committee in accordance with the amendment</p>
<p>Article 19 Revision Date</p> <p>The Procedures were passed in the shareholders' meeting on June 11, 2019.</p> <p>The 1st amendment was on May 26, 1994.</p> <p>The 2nd amendment was on April 15, 1995.</p> <p>The 3rd amendment was on May 21, 2002.</p> <p>The 4th amendment was on February 18, 2003.</p> <p>The 5th amendment was on March 21, 2006.</p> <p>The 6th amendment was on July 14, 2006.</p> <p>The 7th amendment was on August 1, 2008.</p> <p>The 8th amendment was on March 1, 2009.</p> <p>The 9th amendment was on March 12, 2013.</p> <p>The 10th amendment was on March 19, 2019.</p>	<p>Article 19 Revision Date</p> <p>The Procedures were passed in the shareholders' meeting on June 10, 2013.</p> <p>The 1st amendment was on May 26, 1994.</p> <p>The 2nd amendment was on April 15, 1995.</p> <p>The 3rd amendment was on May 21, 2002.</p> <p>The 4th amendment was on February 18, 2003.</p> <p>The 5th amendment was on March 21, 2006.</p> <p>The 6th amendment was on July 14, 2006.</p> <p>The 7th amendment was on August 1, 2008.</p> <p>The 8th amendment was on March 1, 2009.</p> <p>The 9th amendment was on March 12, 2013.</p>	<p>Added the amendment date</p>

[Attachment 9]

Hsin Kuang Steel Company Limited

**Table of Comparison of Revised Articles of the
"Endorsement and Guarantee Making Procedure"**

The 7th amendment was on March 19, 2019

Revised content (underlined)	Original content	Description
Article 1 Purpose The Company established the Procedures to protect shareholders' interest, improve the financial management of endorsements and guarantees, and reduce business risks. <u>Unless otherwise specified by related financial regulations</u> , the Company's endorsements and guarantees shall be implemented in accordance with these Procedures.	Article 1 Purpose The Company established the Procedures to protect shareholders' interest, improve the financial management of endorsements and guarantees, and reduce business risks. The Company's endorsements and guarantees shall be implemented in accordance with these Procedures.	Revised wording

Hsin Kuang Steel Company Limited

Table of Comparison of Revised Articles of the "Endorsement and Guarantee Making Procedure"

The 7th amendment was on March 19, 2019

Revised content (underlined)	Original content	Description
<p>Article 4 Recipient of endorsement or guarantee</p> <p>The Company may provide endorsements/guarantees for the following companies:</p> <ol style="list-style-type: none"> 1. A subsidiary company in which the Company directly and indirectly holds more than 50 percent of the voting shares and retains actual business management controlling rights. 2. A parent company that directly and indirectly holds more than 50 percent of the voting shares in the Company. <p>Endorsements or guarantees may be made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.</p> <p>A "subsidiary" or "parent company" as referred to in these Procedures shall be as determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>The "actual business management controlling rights" mean that the chairman of the board, general manager, and accounting manager of the controlled company are assigned by the Company.</p> <p>The "construction project" refers to a construction contract in which the proportion of the Company's contracted parts exceed 50% and retains leadership and controlling rights over all related affairs of the construction.</p>	<p>Article 4 Recipient of endorsement or guarantee</p> <p>The Company may provide endorsements/guarantees for the following companies:</p> <ol style="list-style-type: none"> 1. A subsidiary company in which the Company directly and indirectly holds more than 50 percent of the voting shares and retains actual business management controlling rights. 2. A parent company that directly and indirectly holds more than 50 percent of the voting shares in the Company. <p>Endorsements or guarantees may be made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.</p> <p>Where the Company fulfills its contractual obligations by providing mutual endorsements and guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project or where all capital contributing shareholders make endorsements and guarantees for their jointly invested company in proportion to their shareholding ratios, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs. The "construction project" refers to a construction contract in which the proportion of the Company's contracted parts exceed 50% and retains leadership and controlling rights over all related affairs of the construction. Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the Company, or through a company in which the Company holds 100% of the voting shares.</p> <p>A "subsidiary" or "parent company" as referred to in these Procedures shall be as determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>The "actual business management controlling rights" mean that the chairman of the board, general manager, and accounting manager of the controlled company are assigned by the Company.</p>	<p>Added title and revised wording</p>

Hsin Kuang Steel Company Limited

Table of Comparison of Revised Articles of the "Endorsement and Guarantee Making Procedure"

The 7th amendment was on March 19, 2019

Revised content (underlined)	Original content	Description
<p>Article 6 Decision-making and authorization level</p> <ol style="list-style-type: none"> 1. The Company shall implement <u>review</u> procedures in accordance with Article 7 herein when processing endorsements and guarantees which shall only be implemented with the approval of the Board of Directors. Alternatively, the Chairman of the Board may, in accordance with Paragraph 4, be authorized to decide such matters for endorsements and guarantees within the authorized amount and have the decisions subsequently submitted to the next Board of Directors meeting for ratification and reported to the shareholders' meeting for reference. 2. Where the Company's endorsement or guarantee due to business requirements requires an amount over the limits specified herein and the endorsements/guarantees meet the conditions specified in the Endorsement and Guarantee Making Procedure, the approval of the Board of Directors and a joint guarantee from more than half of the Directors in attendance shall be required. The Procedures shall be <u>amended</u> and submitted to the shareholders' meeting for ratification. If the shareholders' meeting does not approve the amendment, a plan shall be formulated to cancel the excess parts within a specific period. 3. The opinions of Independent Directors shall be taken into full consideration in discussions regarding endorsements and guarantees in <u>Article 4</u>, Subparagraph 1 and Subparagraph 2 and their approval or objection and reasons shall be listed in the meeting minutes of the Board of Directors. 4. The Chairman of the Board is authorized to decide on endorsement 	<p>Article 6 Decision-making and authorization level</p> <ol style="list-style-type: none"> 1. The Company shall implement approval procedures in accordance with Article 7 herein when processing endorsements and guarantees which shall only be implemented with the approval of the Board of Directors. Alternatively, the Chairman of the Board may, in accordance with Paragraph 4, be authorized to decide such matters for endorsements and guarantees within the authorized amount and have the decisions subsequently submitted to the next Board of Directors meeting for ratification and reported to the shareholders' meeting for reference. 2. Where the Company's endorsement or guarantee due to business requirements requires an amount over the limits specified herein and the endorsements/guarantees meet the conditions specified in the Endorsement and Guarantee Making Procedure, the approval of the Board of Directors and a joint guarantee from more than half of the Directors in attendance shall be required. The Procedures shall be revised and submitted to the shareholders' meeting for ratification. If the shareholders' meeting does not approve the amendment, a plan shall be formulated to cancel the excess parts within a specific period. 3. If the Company has appointed Independent Directors, the opinions of Independent Directors shall be taken into full consideration in discussions regarding endorsements and guarantees in Subparagraph 1 and Subparagraph 2 and their approval or objection and reasons shall be listed in the meeting 	Revised wording

Hsin Kuang Steel Company Limited

Table of Comparison of Revised Articles of the "Endorsement and Guarantee Making Procedure"

The 7th amendment was on March 19, 2019

Revised content (underlined)	Original content	Description
or guarantee for an external entity with a total amount of under NT\$50 million. However, the recipient of endorsement or guarantee shall be restricted to those specified in Article 4, Paragraph 1.	minutes of the Board of Directors. 4. The Chairman of the Board is authorized to decide on endorsement or guarantee for an external entity with a total amount of under NT\$50 million. However, the recipient of endorsement or guarantee shall be restricted to those specified in Article 4, Paragraph 1.	
Article 7 Review procedures for endorsements and guarantees (1-3; omitted) 4. The Accounting Department shall establish memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the Board of Directors, or the date of authorization by the Chairman of the Board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under Subparagraph 2 (1) of <u>this Article</u> .	Article 7 Review procedures for endorsements and guarantees (1-3; omitted) 4. The Accounting Department shall establish memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the Board of Directors, or the date of authorization by the Chairman of the Board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under Subparagraph 2 (1). 5. The Accounting Department shall formulate a table on the changes for external endorsements or guarantees for the previous month at the beginning of each month and submit it to the Board of Directors.	Information regarding endorsements and guarantees are important information that require monthly filing. The reporting operations shall thus be simplified.

Hsin Kuang Steel Company Limited

Table of Comparison of Revised Articles of the "Endorsement and Guarantee Making Procedure"

The 7th amendment was on March 19, 2019

Revised content (underlined)	Original content	Description
<p>Article 8 Specimen chop usage and custody procedures</p> <p>The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person approved by the Chairman of the Board and may be used to seal or issue negotiable instruments only in prescribed procedures.</p> <p>When making a guarantee for a foreign company, guarantee agreement issued by the Company <u>shall be signed by the Chairman of the Board in accordance with Article 6 of the Procedures.</u></p>	<p>Article 8 Specimen chop usage and custody procedures</p> <p>The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person approved by the Chairman of the Board and may be used to seal or issue negotiable instruments only in prescribed procedures.</p> <p>When making a guarantee for a foreign company, guarantee agreement issued by the Company shall be signed by the Chairman of the Board with authorization from the Board of Directors.</p>	Revised wording
<p>Article 9 Public announcement and regulatory filing procedures</p> <p>1. The Company shall publicly announce and file the previous month's balance of its endorsements and guarantees and its subsidiaries before the 10th day of each month.</p> <p>2. Where the balance of Company's endorsements and guarantees reaches one of the following thresholds, it shall enter the information on the information reporting system designated by the Financial Supervisory Commission (hereinafter referred to as the FSC) of the Executive Yuan within two days of the occurrence of such events:</p> <p>(1) The balance of the Company and its subsidiaries' endorsements and guarantees reaches 50% or more of the Company's net worth as specified in the latest financial statements.</p> <p>(2) The balance of the Company and its subsidiaries' endorsements and guarantees for a single company reaches 20% or more of the Company's net worth as specified in the latest financial statements.</p> <p>(3) The balance of the Company and</p>	<p>Article 9 Public announcement and regulatory filing procedures</p> <p>1. The Company shall publicly announce and file the previous month's balance of its endorsements and guarantees and its subsidiaries before the 10th day of each month.</p> <p>2. Where the balance of Company's endorsements and guarantees reaches one of the following thresholds, it shall enter the information on the information reporting system designated by the Financial Supervisory Commission (hereinafter referred to as the FSC) of the Executive Yuan within two days of the occurrence of such events:</p> <p>(1) The balance of the Company and its subsidiaries' endorsements and guarantees reaches 50% or more of the Company's net worth as specified in the latest financial statements.</p> <p>(2) The balance of the Company and its subsidiaries' endorsements and guarantees for a single company reaches 20% or more of the Company's net worth as specified in the latest financial statements.</p>	Revised wording

Hsin Kuang Steel Company Limited

Table of Comparison of Revised Articles of the "Endorsement and Guarantee Making Procedure"

The 7th amendment was on March 19, 2019

Revised content (underlined)	Original content	Description
<p>its subsidiaries' endorsements and guarantees to a single company reaches NT\$10 million and the <u>carrying amount</u> of investments recognized under the <u>equity method</u> and the total balance of loans reach 30% or more of the Company's net worth as specified in the latest financial statements.</p> <p>(4) The balance of the Company and its subsidiaries' endorsements and guarantees due to business relations exceeds its total business transactions in the most recent year.</p> <p>(5) The new endorsements and guarantees of the Company and its subsidiaries reach NT\$30 million or 5% or more of the Company's net worth as specified in the latest financial statements.</p> <p>3. In the event that the subsidiary is not a publicly listed company, the Company shall, on behalf of the subsidiary, carry out relevant information announcement and reporting as stipulated in Subparagraph 5 above, if necessary. The "date of occurrence" refers to, the earliest of, the signing date, payment date, the Board of Directors' resolution date or any other dates when the transaction counterparty and the amount <u>of the endorsements and guarantees</u> can be verified with certainty.</p>	<p>(3) The balance of the Company and its subsidiaries' endorsements and guarantees for a single company reaches NT\$10 million and the endorsements and guarantees for the Company, long-term investments, and the total balance of loans reach 30% or more of the Company's net worth as specified in the latest financial statements.</p> <p>(4) The balance of the Company and its subsidiaries' endorsements and guarantees due to business relations exceeds its total business transactions in the most recent year.</p> <p>(5) The new endorsements and guarantees of the Company and its subsidiaries reach NT\$30 million or 5% or more of the Company's net worth as specified in the latest financial statements.</p> <p>3. In the event that the subsidiary is not a publicly listed company, the Company shall, on behalf of the subsidiary, carry out relevant information announcement and reporting as stipulated in Subparagraph 5 above, if necessary. The date of occurrence refers to, the earliest of, the transaction contract signing date, payment date, the Board of Directors' resolution date or any other dates when the transaction counterparty and the transaction amount can be verified with certainty.</p>	
<p>Article 10 Internal audit</p> <p>The Company's internal auditors shall audit the Endorsement and Guarantee Making Procedure and the implementation at least once every quarter and prepare written records accordingly. They shall promptly notify the <u>Audit Committee</u> in writing of any material violation found.</p>	<p>Article 10 Internal audit</p> <p>The Company's internal auditors shall audit the Endorsement and Guarantee Making Procedure and the implementation at least once every quarter and prepare written records accordingly. They shall promptly notify the Supervisors in writing of any material violation found.</p>	<p>Replaced Supervisors with the Audit Committee in accordance with the amendment</p>

Hsin Kuang Steel Company Limited

Table of Comparison of Revised Articles of the "Endorsement and Guarantee Making Procedure"

The 7th amendment was on March 19, 2019

Revised content (underlined)	Original content	Description
<p>Article 13 Other Matters</p> <p>1. Where a change in the Company causes a recipient of endorsement or guarantee to be ineligible in accordance with the regulations in the Procedures or causes the amount to exceed the limit, an improvement plan shall be formulated and delivered to the <u>Audit Committee</u> to complete improvements based on the schedule of the plan.</p> <p>2. The Company shall evaluate the conditions of the endorsements and guarantees. It shall also disclose related information on losses due to endorsements and guarantees in the Financial Report and provide related information to the CPA for implementation of necessary auditing procedures.</p>	<p>Article 13 Other Matters</p> <p>1. Where a change in the Company causes the borrower to be ineligible with the regulations in the Procedures or causes the amount to exceed the limit, an improvement plan shall be formulated and delivered to the Supervisors to complete improvements based on the schedule of the plan.</p> <p>2. The Company shall evaluate the conditions of the endorsements and guarantees. It shall also disclose related information on losses due to endorsements and guarantees in the Financial Report and provide related information to the CPA for implementation of necessary auditing procedures.</p>	<p>Replaced Supervisors with the Audit Committee in accordance with the amendment</p>
<p>Article 15 Implementation</p> <p>1. <u>The Procedures shall be approved by a majority of all members of the Audit Committee and submitted to the Board of Directors for resolution before it is submitted to the shareholders' meeting for approval. The same shall apply to amendments. If there is any objection raised by a Director and such objections have been recorded or made in writing, the Company shall submit the objection to the Audit Committee and report it in the shareholders' meeting for discussion. The same shall apply to amendments.</u></p> <p>2. <u>If the Company has appointed Independent Directors, the opinions of Independent Directors shall be taken into full consideration for loans to others and their approval or objection and reasons shall be listed in the meeting minutes of the Board of Directors.</u> <u>"All members of the Audit Committee" shall include only the persons who are currently holding such offices.</u></p>	<p>Article 15 Implementation</p> <p>The Procedures shall be delivered to the Supervisors following approval in the Board of Directors meeting and submitted to the shareholders' meeting for approval before implementation. The same shall apply to amendments.</p>	<p>Replaced Supervisors with the Audit Committee in accordance with the amendment</p>

Hsin Kuang Steel Company Limited

Table of Comparison of Revised Articles of the "Endorsement and Guarantee Making Procedure"

The 7th amendment was on March 19, 2019

Revised content (underlined)	Original content	Description
<p>Article 16 Revision Date</p> <p>The Procedures were <u>passed in the shareholders' meeting on June 11, 2019.</u></p> <p>The 1st amendment was on May 26, 1994.</p> <p>The 2nd amendment was on February 18, 2003.</p> <p>The 3rd amendment was on March 21, 2006.</p> <p>The 4th amendment was on August 1, 2008.</p> <p>The 5th amendment was on March 1, 2009.</p> <p>The 6th amendment was on March 12, 2013.</p> <p><u>The 7th amendment was on March 19, 2019.</u></p>	<p>Article 16 Revision Date</p> <p>The Procedures were passed in the shareholders' meeting on June 10, 2013.</p> <p>The 1st amendment was on May 26, 1994.</p> <p>The 2nd amendment was on February 18, 2003.</p> <p>The 3rd amendment was on March 21, 2006.</p> <p>The 4th amendment was on August 1, 2008.</p> <p>The 5th amendment was on March 1, 2009.</p> <p>The 6th amendment was on March 12, 2013.</p>	<p>Added the amendment date</p>

Hsin Kuang Steel Company Limited

Rules of Procedure for the Shareholders' Meeting

Article 1: To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Unless otherwise specified by law or Articles of Incorporation, the Company shall proceed its shareholders' meetings according to the terms of this policy.

Unless otherwise specified by law or Articles of Incorporation, shareholders' meetings are convened by the board of directors.

Election or dismissal of Directors or Supervisors, amendments to the Articles of Incorporation, the dissolution, merger, or demerger of the Company, any matter under Article 185, Paragraph 1 of the Company Act, and Articles 26-1 and 43-6 of the Securities and Exchange Act or Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised through an extempore motion.

Article 2: Shareholders attending the meeting in person (or their proxies) shall wear attendance and present badges and shall submit sign-in cards in lieu of signing in. The Company's weight of share ownership in attendance shall be based on the weight of share ownership in the submitted sign-in cards, plus the weight of share ownership exercised via electronic voting.

The shareholders referred to in the Rules shall be based on the records in the Company's list of shareholders.

Article 3: Each shareholder of the Company shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, Paragraph 2 of the Company Act. The votes that may be cast by one proxy representing two or more shareholders shall not exceed three percent of the votes of total shares issued; any votes in excess of that limit shall not be counted.

The related regulations in Article 177, Article 177-1, and Article 177-2 of the Company Act shall apply mutatis mutandis to the Company's regulations on attendance of proxies of shareholders, the exercise of voting rights, and expression of opinions.

Votes in a shareholders' meeting are determined by the number of shares represented during the meeting.

Except in the exercise of voting rights for electing Directors and Supervisors, when a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that

shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

Article 4: Shareholders in attendance are obligated to follow the rules of the meeting, accept the resolution, and maintain the order of the meeting.

Article 5: Unless otherwise specified in these Rules, shareholder meetings shall be convened by the Board of Directors and chaired by the Chairman. If the Chairman is unable to perform such duties due to leave of absence or any other reason, the Chairman shall appoint one of the directors to act on the Chairman's behalf. If no delegate is appointed by the Chairman, one shall be elected from among the directors to act on the Chairman's behalf. If a shareholders meeting is convened by someone having the right to convene a meeting, but who is not a member of the Board of Directors, the said person shall chair the meeting. If more than one person has the right to convene the meeting, one shall be elected to chair the meeting.

Article 6: The Company may designate retained lawyers, certified public accountants or relevant personnel to attend the shareholders' meeting.

It is advisable that shareholders meetings convened by the Board of Directors be attended by a majority of the Directors and at least one Supervisor who attends the meeting in person. The attendance records shall be included in the meeting minutes of the shareholders meeting.

Organizers of the meeting must wear proper identification or arm badges.

Article 7: The Company shall record the whole course of the shareholders' meeting on audio tape or video tape, and shall keep the tapes on file for at least one year.

Article 8: The chair shall announce the commencement of the meeting when the scheduled time arrives. If the number of shareholders present represents less than half of all voting rights, the chair may postpone the meeting. A meeting may be postponed twice for a combined maximum of thirty minutes (the first postponement shall be twenty minutes and the second postponement shall be ten minutes). If after two postponements the number of shareholders present is still insufficient while representing at least one third of the total issued shares, provisional resolutions may be adopted in accordance with Article 175 Paragraph 1 of the Company Act.

When, prior to conclusion of the meeting, the attending shareholders represent the legal required number of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 9: Agenda of a shareholders meeting called by the board shall be decided by the board. The meeting shall proceed according to the agenda unless changed by a shareholders meeting resolution.

If the shareholders' meeting is convened by someone entitled to convene such a meeting but who is not a member of the Board of Directors, the rules of the preceding paragraph shall apply *mutatis mutandis*.

Unless otherwise resolved at the meeting, the chairman may not announce adjournment of the meeting before all the discussion items (including special motions) listed in the agenda are resolved.

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

Article 10: When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed, or a resolution may be passed in the shareholders meeting to reconvene the meeting within five days without requiring service of notice or public announcement in accordance with Article 182 of the Company Act.

Article 11: When a shareholder (or proxy) present at the meeting wishes to speak, a Speech Note shall be filled out with summary of the speech, the shareholder's number (or the number on their attendance card) and the name of the shareholder. The sequence of speeches by shareholders shall be decided by the chair. A shareholder (or proxy) present at the meeting that merely submits a statement slip without speaking is considered not to have spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. Unless given consent by the chair and the speaking shareholder (or proxy), other shareholders may not speak to interrupt when a shareholder is speaking; otherwise the chair shall stop the interruption.

Article 12: Unless permitted by the chair, no shareholder may speak more than twice regarding the same proposal (including extempore motions), and shall not speak for more than five minutes each time.

If a shareholder violates the rules outlined in the preceding paragraph, goes beyond the scope of proposals in speaking, or affect the order of the meeting, the chair may stop him/her from speaking.

Article 13: An institutional shareholder may assign only one proxy representative to attend the meeting on its behalf. In the event an institutional shareholder assigns two or more representatives to attend the shareholders' meeting, only one of the representatives may speak on any single agenda item.

Article 14: After a shareholder present at the meeting speaks, the chair may reply in person or assign relevant personnel to reply.

Article 15: The chair may announce to discontinue further discussions if the agenda is considered to have been sufficiently discussed to proceed with the voting.

Article 16: The chair shall appoint personnel to monitor or count the votes. The individuals monitoring the votes, however, shall be the shareholders of the Company. Ballot counting will proceed openly during the meeting. The outcome of the vote must be documented and announced on site.

Article 17: Except for special resolutions otherwise provided by the Company Act or the Articles of Incorporation, a proposal shall be approved by the consent of more than half of the votes of shares represented by shareholders present. If the voting method has been decided as a non-ballot vote prior to the vote and the chair has inquired whether there are any objections, the proposal shall be deemed as passed with the same validity as a ballot vote.

At the time of a vote, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders for each proposal. The shareholder shall vote on each proposal and the results of shareholders' agreement, objection, and abstention shall be input on the Market Observation Post System.

Article 18: A shareholder holding one percent or more of the total number of outstanding shares of the Company may submit to the company a written proposal for discussion at a general shareholders meeting within the period for accepting shareholders' proposals announced by the Company. Each shareholder may only submit one proposal. A shareholder who submits more than one proposal or a proposal with over 300 words shall not be included in the agenda. In addition, when the circumstances of any subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

The announced period of acceptance of shareholder proposals, the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the acceptance regulations. At the shareholders meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Where there is an amendment or an alternative for a proposal, the chair shall determine the order in which they are to be voted on with the original proposal. If any of these proposals is approved, alternative proposals shall be treated as rejected and not be voted on separately.

Article 19: The chair may instruct the Proctor (or security personnel) to assist in maintaining order in the meeting venue. While maintaining order in the meeting, all Proctors or security staff must wear arm bands which identify their roles as "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the Proctors (or security personnel) to escort the shareholder from the meeting.

Article 20: All matters not provided by these Rules herein shall be handled in accordance with the Company Act, relevant laws and regulations, as well as the Articles of Incorporation.

Article 21: These Rules shall come into force after a resolution in the Board of Directors meeting and on the approval of the shareholders' meeting. The same procedures shall apply for future amendments.

Article 22: Revision Date

The Procedures were passed in the shareholders' meeting on June 15, 2016.

The 1st amendment was on May 26, 1994.

The 2nd amendment was on June 13, 1997.

The 3rd amendment was on May 21, 2002.

The 4th amendment was on April 27, 2004.

The 5th amendment was on March 21, 2006.

Hsin Kuang Steel Company Limited

Articles of Incorporation

Chapter 1 General Provisions

- Article 1: The Company is constituted in accordance with the Company Act, and shall be known as "Hsin Kuang Steel Company Limited."
- Article 2: The business items operated by the Company are as follows:
- (1). Leveling of various steel coils; cutting and stamping of various steel plates, steel section, alloy steel, and special steels.
 - (2). Wholesale and retail of various steel and iron plates, iron tubes, hardware, and machinery equipment.
 - (3). Processing and manufacture of steel frames, building structures, steel tubes, and steel hardware.
 - (4). Contracting vendors to build public housing and commercial buildings for sale and lease.
 - (5). Import and export of aforementioned products and agency for quotation and tenders.
 - (6). ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The Company's head office is established at New Taipei City. Where necessary the Company may establish branches at appropriate domestic or overseas locations, subject to resolution by its Board of Directors.
- Article 4: Public announcements of the Company shall be made in accordance with the Company Act and other relevant rules and regulations.

Chapter 2 Shares

- Article 5: The Company's registered capital is NT\$3.6 billion, divided into 360 million shares with a face value of NT\$10 per share. Stock options of 20 million shares are set aside for employee subscription. The Board of Directors is authorized to issue the remainder in multiple installments.
- Before issuing any employee stock options at a strike price which is lower than the closing price of the Company's common stocks on the date of issuance, the Company should firstly obtain the agreement of at least two-thirds of the voting rights present at the shareholders meeting attended by shareholders representing a majority of total issued shares.
- Transfer of shares to employees at prices below the Company's average purchase price are subject to shareholders' meeting resolution and must be resolved with the presence of shareholders representing more than half of outstanding shares, and voted in favor by more than two-thirds of votes present in the meeting.
- Article 6: The Company's stocks shall be registered, and signed or sealed by at least three Directors. The stocks shall be issued after the proper certification procedures in accordance with the law.
- Registered share certificates issued by the Company are not required to be printed. The Company, however, should contact the securities depository and custodian institution for

registration of the share certificates.

Article 7: Title transfer of stocks shall be not be allowed within sixty days before the general shareholders meeting is held, within thirty days before an extraordinary shareholders meeting is held, or within five days before the base date for distribution of stock dividends and bonuses or other benefits determined by the Company.

Article 8: Unless otherwise specified by law, all stock-related affairs including transfer, creation of pledge, reporting of loss, transfer via inheritance, transfer via gift, application for lost or change of the specimen chop shall be handled according to "Regulations Governing the Administration of Shareholder Services of Public Companies."

Chapter 3 Shareholder's Meeting

Article 9: Shareholders meetings include general meetings and special meetings. Unless otherwise provided in regulations, the shareholders' meeting shall be convened by the Board of Directors in accordance with laws. The annual general shareholders meeting is convened within six months of the end of each fiscal year by the Board of Directors. The organization of extraordinary shareholders meetings shall be governed by the relevant regulations.

Article 10: Shareholders may attend meetings in person or appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney.

A shareholder who cannot attend shareholders' meeting may appoint a proxy to attend on his/her behalf by executing a power of attorney in accordance with Article 177 of the Company Act.

Article 11: Shareholders of the Company shall be entitled to one vote for each share held, except for the circumstances described in Paragraph 2 under Article 179 of the Company Act where shareholders are restricted or prohibited from exercising voting rights.

According to regulations of the competent authority, the Company's shareholders may also exercise voting rights by means of electronic transmission. A shareholder who exercises his/her/its voting power at a shareholders meeting by way of electronic transmission shall be deemed to have attended the shareholders' meeting in person. Other related matters shall be carried out in accordance with regulations.

Article 12: Unless otherwise stipulated in the Company Act, any resolutions in a shareholders' meeting should be approved by a majority vote at a meeting attended by shareholders representing at least one half of its outstanding shares.

Article 13: The Company shall have six to nine Directors. The number of Directors to be elected in each term shall be determined by the Board of Directors. In the number of Directors specified in the previous paragraph, the number of Independent Directors shall be no less than three and they shall not represent less than one-fifth of the directors to be elected.

Directors shall serve a term of three years and may be eligible for re-election.

Each share shall be empowered with voting rights equal to the number of elected

directors in elections of Directors. These voting rights may be concentrated on one candidate or separated across a number of candidates. Candidates with the highest number of votes shall be elected as the Directors.

When the number of vacancies in the Board of Directors reaches one third of the total number of members, the Board of Directors shall call a meeting of shareholders to elect Directors to fill the vacancies. With the exception of a comprehensive reelection of directors, the term of the newly-elected Director shall expire on the original expiry date of his/her predecessor.

The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination, and other requirements with regard to the Independent Directors shall be set forth in accordance with the Securities and Exchange Act and other relevant regulations.

The total shareholding ratio held by all Directors of the Company shall be determined in accordance with regulations of the competent authority responsible for securities.

Article13-1: Shareholders retaining at least 1% of all outstanding shares and the board may nominate candidates for independent directorship. A list of candidates determined at board meetings to meet the criteria for being elected Independent Directors are submitted by the board to the shareholders meeting for consideration; if the shareholder's meeting is convened by another person with the authority to convene the meeting, after the person with the authority to convene the meeting examines the qualifications of the candidate(s) for serving as an Independent Director, the names are sent to the shareholder's meeting for election. All matters regarding the acceptance method and announcement of the nomination of candidates for Independent Director will be handled according to the Company Act, the Securities and Exchange Act, and other applicable laws and regulations.

Article13-2: Starting from the 14th-term Board of Directors, the Company shall establish an Audit Committee in accordance with Article 13-2. Upon the establishment of the Audit Committee, the regulations regarding supervisors in the Articles of Incorporation shall cease to apply and the supervisors shall be dismissed at the same time.

The Company has established an Audit Committee in accordance with regulations in Article 14-4 of the Securities and Exchange Act. The Audit Committee shall consist of all Independent Directors and its powers and related matters shall be devised by the Board of Directors in accordance with the applicable laws.

Following the Company's establishment of the Audit Committee, the duties that are previously exercised by supervisors in accordance with the Securities and Exchange Act, the Company Act, other laws and regulations, and the Articles of Incorporation, except for the power and authority stipulated in Article 14-4, Paragraph 4 of the Securities and Exchange Act, shall henceforth be exercised by the Audit Committee. The resolutions of

the Audit Committee shall require agreement from more than one half of all members. The convener of the Audit Committee shall represent the Committee externally.

Article13-3: The Company may purchase liability insurance policies that cover the directors' term of service, and therefore insure itself against liabilities incurred by the directors over the course of service.

Article13-4: The Company shall have three supervisors who shall be elected from among the shareholders with capacity at the shareholders meeting in accordance with the consolidated election method of Article 198 of the Company Act to serve a term of three years and may be eligible for re-election. The total shareholding ratio held by all supervisors of the Company shall be determined in accordance with regulations of the competent authority responsible for securities.

When all supervisors leave their positions, the Board of Directors shall call, within sixty days, a extraordinary shareholders meeting to elect supervisors to fill the vacancies; each successor so elected shall hold office for the remaining term of their predecessors only.

In addition to executing their duties in accordance with laws, supervisors may attend the meetings of the Board of Directors to express their opinions. They are however not eligible to vote in the meetings.

Chapter 4 Directors and Supervisors

Article 14:The Board of Directors shall appoint one Chairman of the Board during a board meeting with more than two-thirds of Directors present, and with the approval of more than half of all attending Directors. The Chairman shall represent the Company externally.

A director may present a written proxy statement to entrust another director as proxy to attend the board meeting and exercise voting rights on his/her behalf with regard to all matters put forward in the meeting. However, the proxy may only represent one director.

Article 15:The board meeting shall be convened at least once every quarter. The first meeting of the Board of Directors for each term shall be convened in accordance with Article 203 of the Company Act. The Board of Directors meeting shall be convened by the Chairman. Other meetings shall be convened and chaired by the Chairman.

Notices for the Company's Board of Directors meetings shall be distributed to the Directors and Supervisors at least seven days before the meeting. The date, location, and agenda of the meeting shall be clearly stated in the notice. However, a Board of Directors meeting may be called at any time in the event of an emergency without requiring notices described above. The notice in the preceding paragraph shall be provided in print or in electronic format.

Directors' attendance via video conference shall be considered as attendance in person.

The Chairman shall chair the Board of Directors meeting. In addition, the Chairman retains the right to represent the Company in signing documents in accordance with resolutions passed in the Board of Directors meeting. The Chairman shall represent the Board of Directors to take actions for furthering the

Company's goals during the recess of the Board in accordance with the Board's resolutions.

Where the Chairman is absent, the Vice Chairman or other Directors shall act on his/her behalf in accordance with Article 208 of the Company Act. If the Chairman is unable to perform the duties, the Chairman may appoint one of the directors to act on his/her behalf. If no one is appointed, the remaining Directors will appoint one among them to perform the Chairman's duties.

The Company's operating guidelines and other important items shall be determined by the Board of Directors. The Directors shall exercise their powers in accordance with resolutions adopted by the Board of Directors or the shareholders meeting.

In addition to executing their duties in accordance with laws, supervisors may attend the meetings of the Board of Directors to express their opinions. They are however not eligible to vote in the meetings.

Article 16: The Board of Directors shall be authorized to determine the remuneration for the Chairman, Directors and Supervisors in accordance with their contribution to the Company and the industry's prevailing rates regardless of profits or losses.

Chapter 5 Managing Directors

Article 17: The Company may have a General Manager and several Vice General Managers. Their appointment, dismissal and remuneration shall comply with Article 29 of the Company Act.

The General Manager shall be in charge of the Company's business operations. The General Manager's scope of duties shall exclude duties of the General Shareholders Meeting or Board of Directors and the Chairman that are specified in the Company Act, Securities and Exchange Act, related regulations, and the "Authorization of Approval Table of the Board of Directors and Management" established by the Company; all other powers may be exercised by the General Manager.

Chapter 6 Accounting

Article 18: At the end of each fiscal year, the Company's Board of Directors shall compile the following reports and submit them to the Supervisors for review at least 30 days before the annual general shareholders meeting: (1) Business Report (2) Financial Statements (3) Proposals on distribution of earnings or make-up of deficits, etc. The documents shall be submitted to the general shareholders meeting for ratification.

Article 19: (Deleted).

Article 20: If the Company has generated profits for the current year, it shall allocate at least 3% of profits as employee bonus. The Board of Directors shall decide to

distribute the bonus as shares or cash, which can also be distributed to employees of affiliated companies that meet certain criteria; if the Company sustains profit for the current year, the Board of Directors shall decide to set aside no more than 3% of profit as director and supervisor remuneration. Employee bonus and director and supervisor remuneration proposals shall be presented to the shareholders meeting.

However when the Company still has accumulated loss, a certain amount of the earnings shall be retained for making up the loss and the remainder may be set aside as employee bonus and remuneration to Directors and Supervisors according to the percentage specified in the preceding paragraph.

Article20-1: In the event of surplus earnings after closing of annual accounts, due taxes shall be paid in accordance with the law, and losses incurred in previous years shall be compensated. Upon completion of the preceding actions, 10% of the remainder surplus shall be allocated as legal reserve. However, in the event that the accumulated legal reserve is equivalent to or exceeds the Company's total paid-in capital, such allocation may be exempted. The remainder may be set aside or reversed as special surplus reserve in accordance with laws and regulations. If there is remainder surplus, the Board of Directors shall draft a surplus distribution proposal regarding the remainder of the surplus as well as accumulated undistributed surplus for approval at the shareholders' meeting, at which the allocation of shareholders' dividends shall be decided.

The Company has adopted a balanced dividend policy to protect shareholder interest and the goal of sustainable development. The optimal dividend policy shall be consistent with current and future development plans while accounting for the investment environment, capital needs, domestic and international competition, the interest of shareholders, as well as the capital budgets for the following year. The Board of Directors shall formulate a distribution plan for approval in the shareholders meeting before implementation.

Dividends for shareholders may be distributed in cash or shares. The cash portion shall not be lower than 30% of total dividends.

Article20-2: The Company may make reinvestments in Taiwan or abroad following resolution in a Board of Directors meeting. When the Company becomes the shareholder of limited liability in other companies, its total amount of investment in such companies shall not be subject to Article 13 of the Company Act which stipulates that the total amount of investment may not exceed 40% of the amount of its own paid-in capital.

Chapter 7 Supplementary Provisions

Article 21: Any matters that are not addressed in the Articles of Incorporation shall be governed by the Company Act and the relevant regulations.

Article 22: The Articles of Incorporation were established on December 2, 1976.

The 1st amendment was on October 12, 1978. The 2nd amendment was on December 11, 1978. The 3rd amendment was on January 8, 1979. The 4th amendment was on November 16, 1981. The 5th amendment was on April 28, 1985. The 6th amendment was on June 19, 1987. The 7th amendment was on September 5, 1988. The 8th amendment was on April 24, 1989. The 9th amendment was on June 15, 1990. The 10th amendment was on November 15, 1990. The 11th amendment was on April 27, 1991. The 12th amendment was on December 3, 1991. The 13th amendment was on July 4, 1992. The 14th amendment was on December 19, 1992. The 15th amendment was on May 26, 1994. The 16th amendment was on April 22, 1995. The 17th amendment was on April 20, 1996. The 18th amendment was on September 9, 1996. The 19th amendment was on June 13, 1997. The 20th amendment was on April 11, 1998. The 21st amendment was on April 14, 2000. The 22nd amendment was on April 9, 2001. The 23rd amendment was on May 21, 2002. The 24th amendment was on May 15, 2003. The 25th amendment was on May 17, 2005. The 26th amendment was on June 15, 2006. The 27th amendment was on June 13, 2007. The 28th amendment was on June 13, 2008. The 29th amendment was on June 10, 2009. The 30th amendment was on June 25, 2010. The 31st amendment was on June 15, 2016.

[Appendix 3]

Status of Holdings of Directors

- (1). Total issued shares of the Company as of April 12, 2019: 310,687,699 common shares.
- (2). According to Article 26 of the Securities and Exchange Act, all Directors shall retain no less than 12,427,508 shares in total.
- (3). As of the ex-dividend date (April 13, 2019) shares retained by directors are as follows:

April 13, 2019

Title	Name	Shares currently held	
		Number of shares	Shareholding ratio
Director	Han De Investment Co., Ltd. representative: Alexander M.T.Su	18,200,276	5.86%
Director	Trickle Co., Ltd. representative: Trickle T.C.Chang	14,662,469	4.72%
Director	Ming-shan,Jheng	1,812,999	0.58%
Director	Fisher C.H.Yu	186,242	0.06%
Director	Johnathon Y.J.Su	7,704,930	2.48%
Director	Shih-yang,Chen	10,193	0.00%
Independent Directors	Winston Won	-	-
Independent Directors	Po-Young, Chu	-	-
Independent Directors	Paul T.Y.Huang	-	-

Note 1: As of the ex-dividend date, a total of 42,577,109 shares were retained by all Directors, which meets the requirement of 12,427,508 shares as specified under Article 26 of the Securities and Exchange Act.

Note 2: The Company has established an Audit Committee.

MEMO



臺灣證券交易所公開資訊觀測站網址
Taiwan Stock Exchange Market Observation Post System

<http://mops.twse.com.tw>

新光鋼鐵股份有限公司年報網址
Hsin Kuang Steel Annual Report is available at

<http://www.hkssteel.com.tw/>

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