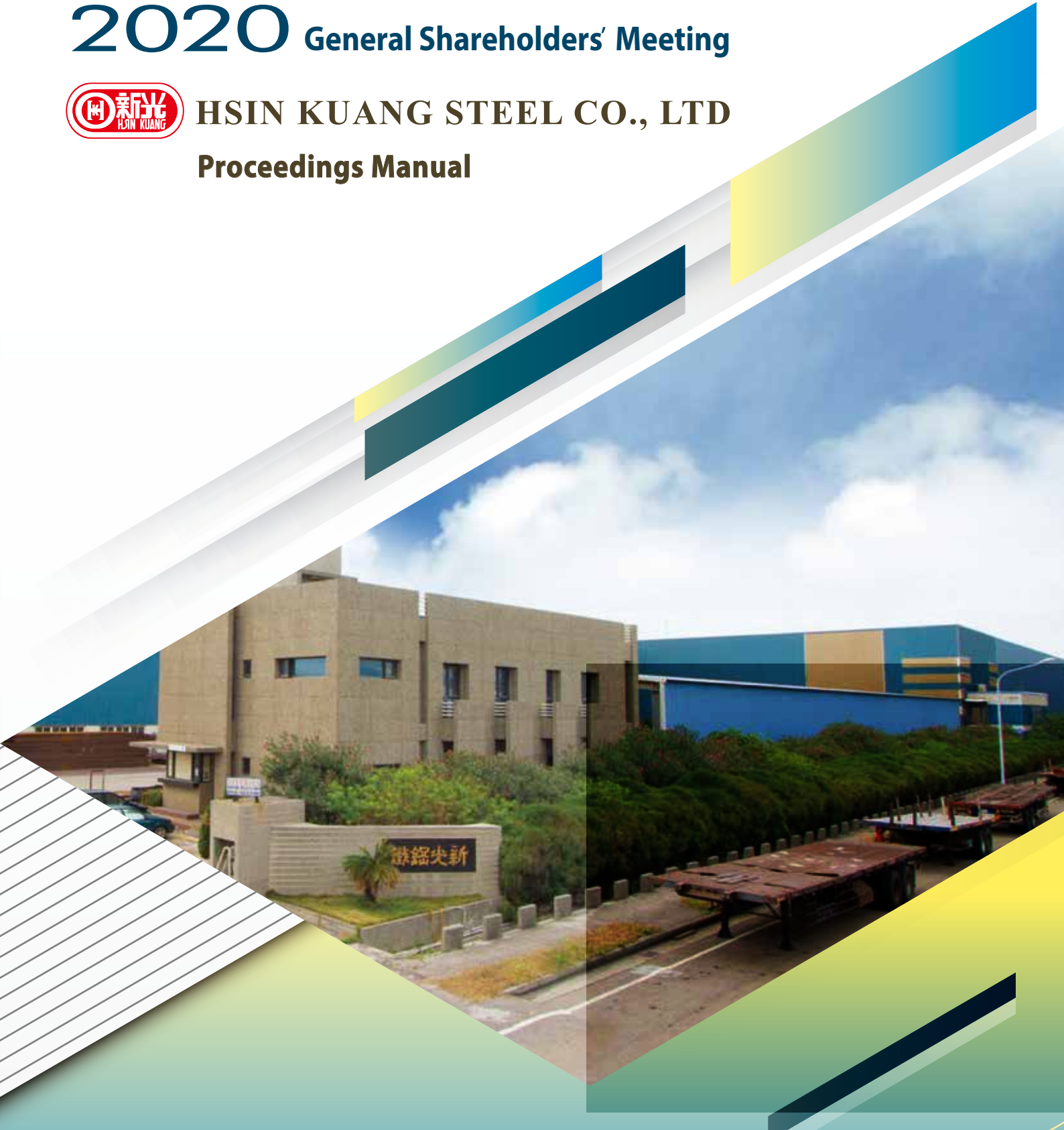


2020 General Shareholders' Meeting



HSIN KUANG STEEL CO., LTD

Proceedings Manual



Date: 9:00 AM, June 11, 2020
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 2020 General Shareholders Meeting

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I. Call Meeting to Order

II. Agenda

Hsin Kuang Steel Co., Ltd.
Proceedings for 2020 General Shareholders Meeting

- i. Meeting called to order (announce respective number of shares held by shareholders present)
- ii. Chairman takes his seat
- iii. Formalities
- iv. Chairman's Speech
- v. Reports
- vi. Acceptance and Discussions
- vii. Votes
- viii. Other Proposals
- ix. Extempore Motions
- x. Meeting adjourned

Hsin Kuang Steel Co., Ltd.

2020 General Shareholders Meeting Agenda

Time: 9:00 AM, June 11 (Thursday), 2020

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

Attendance: All shareholders and proxies

Chaired by: Chairman Alexander M.T.Su

- i. Chairman's Speech
- ii. Reports
 - Case 1: 2019 Business Report
 - Case 2: Audit Committee's Report.
 - Case 3: Report on the 2019 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
 - (I).Report on the Company executes buyback of the Company's shares..
- iii. Acceptance and Discussions
 - Case 1: Ratification of the 2019 business report and final financial statements.
 - Case 2: Approval of 2019 earnings distribution proposal.
- iv. Votes
 - Case 1: Election of 15th-term directors.
- v. Other Proposals
 - Case 1: Submit the proposal for the waiver of non-competition clauses for newly elected directors of the Company to the shareholders meeting.
- vi. Extempore Motions
- vii. Meeting adjourned

Reports

- i. 2019 Business Report
Description: The Company's 2019 Business Report was approved in the 19th meeting of the Company's 14th-term Board of Directors. Please refer to Attachment 1 from page 12 to page 14 of the Proceedings Manual.
- ii. Audit Committee's Report
Description: Report by Audit Committee on the review of the 2019 financial statements. Please refer to Attachment 2 on page 15 of the Proceedings Manual for the Auditing Report for the report by Audit Committee on the review of the 2019 financial statements.
- iii. Report on the 2019 distribution of remuneration to employees, directors, and supervisors
Description: (i) 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."
(ii) The Company's 2019 remuneration for employees is NT\$4,198,719 and the remuneration shall be distributed in cash as approved in the 19th meeting of the 14th-term Board of Directors.
(iii) The Company's amount of remuneration appropriated for Directors and Supervisors in 2019 is NT\$4,198,719.
- iv. Report on total amount for endorsement, guarantee and amount of loans to third parties
Description:
 - (1). As of December 31, 2019, the Company has not endorsements and guarantees to others.
 - (2). As of December 31, 2019, the Company has not loaned funds to others.

v. Other matters:

Description:

(1) Report on the Company executes buyback of the Company's shares:

Period	9th
Purpose	Uphold company reputation and shareholders' interests
During the scheduled buyback period	202/3/20~2020/5/18
Buyback price	NTD\$12.01~NTD\$41.76
Type and quantity of shares repurchased	1,942,000 shares (Note1)
Amount of buyback shares	NTD\$43,843 thousand
Number of shares cancelled and transferred	-
Cumulative number of shares held by the company	1,942,000 shares
The ratio of the cumulative number of shares held by the company to the total number of issued shares (%)	0.625%

Note1 : 7,000 thousand shares are scheduled to be repurchased and 1,942 thousand shares will be repurchased as of April 30, 2020

Acceptance and Discussions

Case 1 (proposed by the Board of Directors)

Case: Ratification of the 2019 business report and final financial statements.

Description: (i). The Company's 2019 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 19th meeting of the Company's 14th-term Board of Directors.

(ii). Please refer to and ratify Attachment 1 from page 12 to page 14 and Attachment 3 and 4 from page 16 to 36 of the Proceedings Manual for the Company's 2019 Business Report, CPA Auditing Report and the aforementioned financial statements.

Resolution:

Case 2 (proposed by the Board of Directors)

Case: Approval of 2019 earnings distribution proposal.

Description: (i). The Earnings Distribution Statement is for the distribution of distributable earnings of 2019 in cash dividend of NT\$0.80 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.

(ii). 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 NTD will be adjusted from the largest decimal place, until the total amount of dividend for shareholders has been distributed.

(iii). The Company's 2019 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 37 of the Proceedings Manual and ratify.

Resolution:

Votes

Case 1 (proposed by the Board of Directors)

Case: Election of 15th-term directors.

Description: (i). The term of the 14th-term directors shall expire on August 5, 2020.

(ii). To expedite the election, the Company's Board of Directors has resolved not to organize a separate extraordinary shareholders meeting for elections and shall hold elections for 9 directors (including 3 independent directors) in this general shareholders meeting.

(iii). The Company shall elect 9 directors (including 3 independent directors) in this election. The term of the elected directors shall be from August 6, 2020 to August 5, 2023.

(iv). The election of the directors (including independent directors) of the Company is held by nomination in accordance with Article 192-1 of the Company Act and shareholders shall vote on the list of candidates. Please refer to Attachment 6 from page 39 to 40 of the Manual for the candidates' education, experience and other information.

Election Results:

Other Proposals

Case 1 (proposed by the Board of Directors)

Case: Submit the proposal for the waiver of non-competition clauses for newly elected directors of the Company to the shareholders meeting.

Description: (i). Article 209 of the Company Act stipulates that directors should explain the actions they are going to take within the scope of the Company's business operation for themselves or for others in the shareholders' meetings, and obtain approval.

- (ii). To make use of the expertise and related experience of the Company's directors and their proxies, if, following reelection, new directors are engaged in the investment or operation of a business entity whose scope of business is similar to that of the Company and acts as a director thereof, we request that the non-competition clauses applicable to the director be waived in order to allow him or her to act as a director or the representative of said business entity, provided that such waiver will not infringe upon the interests of the Company. Submit the proposal for the waiver of non-competition clauses for the following candidates for Directors to the shareholders meeting.

Category	Candidate Name	Company Name and Concurrent Positions
Director	Representative of Han De Investment Co., Ltd.: Alexander M.T.Su	Chairman of Hsin Ho Fa Metal Co., Ltd. Chairman of APEX Wind Power Equipment Manufacturing Co., Ltd. Director of Century Iron and Steel Industrial Co., Ltd. Director of Mason Metal Industry Co., Ltd. Chairman of Hsin Ching International Co., Ltd. Chairman of Hsin Cheng Logistics Development Co., Ltd.
Director	Representative of Trickle Co., Ltd.: Tian-Cheng, Chang	Chairman of Trickle Co., Ltd. Chairman of Shin Fa Steel Mfg. Co., Ltd. Director of Taiwan Steel Tower Co., Ltd. Director of An Gang Metal Co., Ltd.
Director	Ming-shan, Jheng	Chairman of Hsin Hua Steel Industry Co., Ltd.
Director	Fisher C.H.Yu	Director of Hsin Ho Fa Metal Co., Ltd.
Director	Johnathon Y.J. Su	Director of Mason Metal Industry Co., Ltd.
Director	Shih-Yang, Chen	Independent Director of Yung Tay Engineering Co., Ltd.

Independent Director	Winston Won	Independent Director of Taiwan Name Plate Co., Ltd. Chairman of Shao Rui Development Co., Ltd. Chairman of Ofuna Technology Co., Ltd. Chairman of Ofuna Develop Technology Co., Ltd. Chairman of Ofuna Property Management Co., Limited
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Resolution:

Extempore Motions

Meeting adjourned

Hsin Kuang Steel Co., Ltd. Business Report

The domestic and international economy and steel market were positive in the first half of 2019 but both suffered significant and rapid declines in the second half of the year. It began with the impact of Section 232 Trade Remedies on Aluminum and Steel in the United States which culminated in the trade and tariff disputes between China and the United States. Prices fell and trading volume declined across the entire steel market. With the hard work of all employees, we enhanced adjustments and response in the procurement, production, sales, and other operating procedures and the Company was able to maintain normal operations and a small amount of earnings.

Financial Performance

The Company's combined revenue for 2019 totaled NT\$8.48 billion, which was a NT\$210 million and 2.4% decrease from the NT\$8.69 billion in the previous year. The net operating loss totaled NT\$98 million, which was a NT\$527 million decrease from the NT\$429 million from the previous year. The EPS was NT\$0.39, which was a decrease of NT\$2.78 from the NT\$3.17 in the previous year. The Company has suffered declines in both revenue and profitability.

In products sales, the Company's operating goal in 2019 was the sale of 370,000 metric tons of steel products and the combined sales of the year reached 340,000 metric tons. The achievement rate was 91.9%.

In income and expenditure, cash flow in 2019 from business activities amounted to NT\$411.22 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\$157.64 million mainly due to the purchase of properties and investment in plants and equipment. Cash outflow for financing activities amounted to NT\$712.32 million mainly due to long-term and short-term loans necessary for adjustments in operations. The closing cash and cash equivalents of the period was NT\$1,099.16 million.

Annual Corporate Development

The 2020 business strategies include five main areas:

1. Procurement of materials: Strengthen supplier relationships and management;
2. Business and sales: 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. Construction projects: 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 four plans:

1. Blue Ocean strategy: Cultivate talents, optimize the inventory structure, integrate value chains, and expand overseas markets;
2. Strengthen business management: Cultivate regional talents, 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 steel coil cutting centers, 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, improve procedures, and update the entire

ERP computer system.

The total annual sales goal of 2020 is set at 437,000 metric tons of steel. Although COVID-19 has struck countries across the world and caused significant impact on the global economy, industrial manufacturing, finance, and commerce, the epidemic would ultimately end and In a completely free steel market, we shall gain full control over the quantity, price, and delivery schedule of 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 437,000 metric tons this year.

Future Outlook

The government has published policies for the continuous promotion of solar power, offshore wind power, Forward-looking Infrastructure Development, and expansion of domestic demand. The return of Taiwanese businesses will promote optimism and stable advancement in the domestic steel industry with massive amounts of business opportunities in steel structure construction, deck steel plates, colored steel plates, C-shaped steel, and fire safety door panels. 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

Managerial Officer:
Alexander M.T.Su

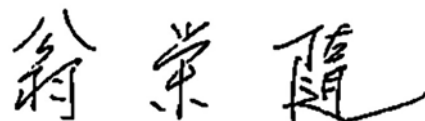
Chief Accounting Officer:
Jessica P.H. Liu

Audit Committee's Report

The Board of Directors has prepared and submitted the 2019 business report, financial statements, and earnings distribution proposal, of which the financial statements have been audited by Deloitte. 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 17, 2020

Independent Auditor's Report and the 2019 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, 2019 and 2018, 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, 2019 and 2018, 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, 2019. 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 identified in the consolidated financial statements of the Group for the year ended December 31, 2019 are as follows:

Write-down of Inventories

As of December 31, 2019, inventories in the Group's consolidated financial statements amounted to NT\$3,435,128 thousand, representing 21% 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 of net realizable value of inventory involves management's judgment; in particular, management based its estimation of net realizable value of inventory 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 11 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 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 obtained the data used by management in calculating the allowance for inventory write-downs and recalculated the sales price used for estimation. We evaluated the reasonableness of management's estimation, by selecting samples with their relating invoices to verify the authenticity of the data.

Other Matters

We have also audited the parent company only financial statements of Hsin Kuang Steel Company Limited as of and for the years ended December 31, 2019 and 2018, 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, 2019 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 17, 2020

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, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019		2018	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 1,099,161	7	\$ 1,558,960	9
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,349,571	8	1,349,097	8
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	-	-	80,115	1
Financial assets at amortized cost - current (Notes 9 and 31)	61,113	-	206,918	1
Notes receivable from related parties (Notes 4, 5, 10 and 30)	44,465	-	56,772	-
Notes receivable from unrelated parties (Notes 4, 5, 10 and 31)	1,044,987	7	1,263,870	7
Trade receivables from related parties (Notes 4, 5, 10 and 30)	13,847	-	22,375	-
Trade receivables from unrelated parties (Notes 4, 5 and 10)	1,353,763	9	1,243,271	7
Inventories (Notes 4, 5 and 11)	3,435,128	21	4,057,033	24
Prepayments	147,754	1	158,227	1
Other current assets (Note 16)	47,827	-	9,181	-
Total current assets	8,597,616	53	10,005,819	58
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 31)	1,767,897	11	1,990,369	12
Investments accounted for using the equity method (Notes 4 and 13)	575,743	4	572,812	3
Property, plant and equipment (Notes 4, 14 and 31)	3,887,599	24	3,498,574	20
Investment properties (Notes 4, 15 and 31)	984,659	6	1,002,688	6
Deferred tax assets (Notes 4 and 25)	47,405	-	32,256	-
Other non-current assets (Notes 5, 10 and 16)	226,972	2	180,603	1
Total non-current assets	7,490,275	47	7,277,302	42
TOTAL	\$ 16,087,891	100	\$ 17,283,121	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 17)	\$ 4,743,264	29	\$ 6,961,865	40
Short-term bills payable (Notes 4 and 17)	469,737	3	429,734	2
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	41,855	-	8,748	-
Contract liabilities - current (Note 23)	149,488	1	143,030	1
Notes payable to unrelated parties (Notes 4 and 19)	263,903	2	647,129	4
Notes payable to related parties (Notes 4, 19 and 30)	608	-	3,134	-
Trade payables to unrelated parties (Notes 4 and 19)	48,280	-	177,805	1
Trade payables to related parties (Notes 4, 19 and 30)	-	-	1,482	-
Other payables (Notes 20 and 31)	110,636	1	188,852	1
Current tax liabilities (Notes 4 and 25)	11,182	-	90,949	1
Current portion of long - term borrowings and bonds payable (Notes 4 and 17)	420,532	3	796,026	5
Other current liabilities	4,999	-	3,298	-
Total current liabilities	6,264,484	39	9,452,052	55
NON-CURRENT LIABILITIES				
Bonds payable (Note 18)	-	-	400,337	2
Long-term borrowings (Notes 4 and 17)	1,057,603	7	128,948	1
Long-term bills payable (Note 17)	1,898,531	12	-	-
Provisions - non-current (Notes 4 and 13)	3,570	-	3,570	-
Deferred tax liabilities (Notes 4 and 25)	12,201	-	21,673	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	27,048	-	27,744	-
Other non-current liabilities	13,668	-	13,668	-
Total non-current liabilities	3,012,621	19	595,940	3
Total liabilities	9,277,105	58	10,047,992	58
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 22)				
Share capital	3,106,877	19	3,106,877	18
Capital surplus	817,716	5	818,309	5
Retained earnings				
Legal reserve	858,883	6	761,010	4
Special reserve	43,567	-	-	-
Unappropriated earnings	1,565,297	10	2,067,794	12
Total retained earnings	2,467,747	16	2,828,804	16
Other equity	(108,260)	(1)	(43,568)	-
Total equity attributable to owners of the Company	6,284,080	39	6,710,422	39
NON-CONTROLLING INTERESTS	526,706	3	524,707	3
Total equity	6,810,786	42	7,235,129	42
TOTAL	\$ 16,087,891	100	\$ 17,283,121	100

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

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 30)				
Sales	\$ 8,331,608	101	\$ 8,617,077	108
Other operating revenue	<u>146,177</u>	<u>2</u>	<u>77,086</u>	<u>1</u>
Total operating revenue	<u>8,477,785</u>	<u>103</u>	<u>8,694,163</u>	<u>109</u>
OPERATING COSTS				
Cost of goods sold (Notes 11, 24 and 30)	(8,253,950)	(100)	(7,955,101)	(100)
Other operating costs	<u>(47,274)</u>	<u>(1)</u>	<u>(9,497)</u>	<u>-</u>
Total operating costs	<u>(8,301,224)</u>	<u>(101)</u>	<u>(7,964,598)</u>	<u>(100)</u>
GROSS PROFIT	<u>176,561</u>	<u>2</u>	<u>729,565</u>	<u>9</u>
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	(682)	-	(900)	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	<u>900</u>	<u>-</u>	<u>-</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>176,779</u>	<u>2</u>	<u>728,665</u>	<u>9</u>
OPERATING EXPENSES (Notes 4 and 30)				
Selling and marketing expenses	(159,341)	(2)	(178,446)	(2)
General and administrative expenses	(80,309)	(1)	(132,412)	(1)
Expected credit (loss) gain	<u>(35,029)</u>	<u>-</u>	<u>10,823</u>	<u>-</u>
Total operating expenses	<u>(274,679)</u>	<u>(3)</u>	<u>(300,035)</u>	<u>(3)</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(97,900)</u>	<u>(1)</u>	<u>428,630</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES (Notes 24 and 30)				
Other income	81,944	1	85,819	1
Other gains	301,719	4	754,451	10
Finance costs	(167,484)	(2)	(142,185)	(2)
Share of profit of associates and joint ventures	<u>6,178</u>	<u>-</u>	<u>15,512</u>	<u>-</u>
Total non-operating income and expenses	<u>222,357</u>	<u>3</u>	<u>713,597</u>	<u>9</u>

(Continued)

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 124,457	2	\$ 1,142,227	15
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(6,341)</u>	<u>-</u>	<u>(142,215)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>118,116</u>	<u>2</u>	<u>1,000,012</u>	<u>13</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	(631)	-	(3,125)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	<u>(62,108)</u>	<u>(1)</u>	<u>(75,941)</u>	<u>(1)</u>
	<u>(62,739)</u>	<u>(1)</u>	<u>(79,066)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>(2,591)</u>	<u>-</u>	<u>3,563</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(65,330)</u>	<u>(1)</u>	<u>(75,503)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 52,786</u>	<u>1</u>	<u>\$ 924,509</u>	<u>12</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 120,674	1	\$ 978,725	13
Non-controlling interests	<u>(2,558)</u>	<u>-</u>	<u>21,287</u>	<u>-</u>
	<u>\$ 118,116</u>	<u>1</u>	<u>\$ 1,000,012</u>	<u>13</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 55,351	1	\$ 903,212	12
Non-controlling interests	<u>(2,565)</u>	<u>-</u>	<u>21,297</u>	<u>-</u>
	<u>\$ 52,786</u>	<u>1</u>	<u>\$ 924,509</u>	<u>12</u>

(Continued)

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2019</u>		<u>2018</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
EARNINGS PER SHARE (Note 26)				
From continuing operations				
Basic	<u>\$ 0.39</u>		<u>\$ 3.17</u>	
Diluted	<u>\$ 0.39</u>		<u>\$ 3.06</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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company									
	Share Capital			Retained Earnings			Other 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	Total
BALANCE AT JANUARY 1, 2018	306,194	\$ 3,061,937	\$ 867,689	\$ 654,386	\$ 19,407	\$ 1,638,702	\$ (1,339)	\$ -	\$ 30,159	\$ 6,270,941
Effect of retrospective application and retrospective restatement	-	-	-	-	-	-	-	30,159	(30,159)	-
BALANCE AT JANUARY 1, 2018 AS RESTATED	306,194	3,061,937	867,689	654,386	19,407	1,638,702	(1,339)	30,159	-	6,270,941
Special reserve reversed under Rule No. 1010012865 issued by the FSC	-	-	-	-	(19,407)	19,407	-	-	-	-
Appropriation of 2017 earnings	-	-	-	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	(459,291)	-	-	-	(888)
Cash dividends distributed by the Company	-	-	-	-	-	(106,624)	-	-	-	(459,291)
Legal reserve	-	-	-	106,624	-	-	-	-	-	-
Other changes in capital surplus:										
Changes in capital surplus from investments in subsidiaries, associates and joint ventures accounted for using the 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	-	-	-	21,287
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	(3,125)	3,553	(75,941)	-	(75,503)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	975,600	3,553	(75,941)	-	924,509
Changes of non-controlling interests	-	-	-	-	-	-	-	-	-	296,973
BALANCE AT DECEMBER 31, 2018	310,688	3,106,877	818,312	761,010	-	2,067,794	2,214	(45,782)	-	6,710,425
Appropriation of 2018 earnings	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	97,873	-	(97,873)	-	-	-	-
Special reserve	-	-	-	-	43,567	(43,567)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(466,032)	-	-	-	(466,032)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(16,296)
Changes in percentage of ownership interests in subsidiaries	-	-	(593)	-	-	(1,302)	-	-	-	(1,895)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(13,766)	-	-	-	(13,766)
Net profit (loss) for the year ended December 31, 2019	-	-	-	-	-	120,674	-	-	-	(2,558)
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(631)	(2,584)	(62,108)	-	(7)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	120,043	(2,584)	(62,108)	-	(2,565)
Changes of non-controlling interests	-	-	-	-	-	-	-	-	-	18,965
BALANCE AT DECEMBER 31, 2019	310,688	\$ 3,106,877	\$ 817,719	\$ 858,883	\$ 43,567	\$ 1,565,297	\$ (370)	\$ (107,890)	\$ -	\$ 6,810,789

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, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 124,457	\$ 1,142,227
Adjustments for:		
Depreciation expenses	108,256	84,761
Amortization expenses	2,931	1,469
Expected credit loss recognized (reversed) on trade receivables	35,029	(10,823)
Net gain on fair value changes of financial assets at fair value through profit or loss	(224,960)	(747,018)
Net loss (gain) on fair value changes of financial liabilities at fair value through profit or loss	136,294	(24,432)
Finance costs	167,484	142,185
Interest income	(1,008)	(1,290)
Dividend income	(78,136)	(78,545)
Loss on disposal of property, plant and equipment	811	708
Share of profit of associates	(6,178)	(15,512)
(Reversal of) write-downs of inventories	(14,415)	108,793
Unrealized gain on transactions with associates	682	900
Realized gain on transactions with associates	(900)	-
Net gain on foreign currency exchange	(66,025)	(39,506)
Net defined benefit liabilities	(1,486)	(3,161)
Changes in operating assets and liabilities		
Decrease in financial assets mandatorily classified as at fair value through profit or loss	121,299	441,562
Decrease (increase) in notes receivable	231,191	(302,332)
Increase in trade receivables	(134,093)	(3,049)
Decrease (increase) in inventories	636,321	(1,416,883)
Decrease (increase) in prepayments	10,473	(63,618)
(Increase) decrease in other current assets	(27,743)	8,557
(Decrease) increase in notes payable	(385,751)	225,659
(Decrease) increase in trade payables	(132,316)	179,406
(Decrease) increase in other payables	(57,475)	8,089
Increase in other current liabilities	1,701	17,571
Increase in contract liabilities	6,457	24,398
Cash generated from (used in) operations	452,900	(319,884)
Interest received	1,008	1,290
Dividends received	78,136	78,545
Income tax paid	(120,826)	(187,157)
Net cash generated from (used in) operating activities	411,218	(427,206)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(12,000)	(129,450)

(Continued)

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Proceeds from sale of financial assets at fair value through other comprehensive income	\$ 228,386	\$ -
Proceeds from capital reduction and return of shares from financial assets at fair value through other comprehensive income	8,121	2,222
Purchase of financial assets at amortized cost	-	(116,672)
Proceeds from sale of financial assets at amortized cost	145,805	-
Acquisition of associates and joint ventures	-	(25,600)
Payments for property, plant and equipment	(206,400)	(454,638)
Proceeds from disposal of property, plant and equipment	7,043	6,024
Payments for investment properties	(3,513)	-
Proceeds from disposal of investment properties	1,400	-
Increase in other non-current assets	(6,769)	(6,192)
Increase in prepayments for equipment	(334,784)	(126,065)
Dividends received from associates	3,204	798
Decrease in refundable deposits	<u>11,870</u>	<u>117</u>
Net cash used in investing activities	<u>(157,637)</u>	<u>(849,456)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	15,039,975	13,353,678
Repayments of short-term borrowings	(17,192,060)	(10,650,104)
Increase (decrease) in short-term bills payable	40,000	(40,000)
Proceeds from long-term borrowings	936,243	-
Repayments of long-term borrowings	(796,026)	(229,726)
Proceeds from long-term bills payable	1,900,000	-
Proceeds from guarantee deposits received	-	13,368
Interest paid	(177,084)	(106,719)
Dividends paid to owners of the Company	(466,032)	(612,388)
Dividends paid to non-controlling interests	(16,296)	(888)
Increase in non-controlling interests	<u>18,965</u>	<u>296,973</u>
Net cash (used in) generated from financing activities	<u>(712,315)</u>	<u>2,024,194</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(1,065)</u>	<u>1,250</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(459,799)	748,782
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,558,960</u>	<u>810,178</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,099,161</u>	<u>\$ 1,558,960</u>

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

(Concluded)

Independent Auditor's Report and the 2019 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, 2019 and 2018, 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, 2019 and 2018, 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, 2019. 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.

The key audit matters identified in the Company's financial statements for the year ended December 31, 2019 are as follows:

Write-down of Inventories

As of December 31, 2019, inventories in the Company's financial statements amounted to NT\$3,337,743 thousand, representing 21% 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 of net realizable value of inventory involves management's judgment; in particular, management based its estimation of the net realizable value of inventory 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 11 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 obtained the data used by management in calculating the allowance for inventory write-downs and recalculated the sales price used for estimation. We evaluated the reasonableness of management's estimation by selecting samples with their relating invoices to verify the authenticity of the data.

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, 2019 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 17, 2020

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, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 906,531	6	\$ 978,699	6
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	728,466	5	889,644	5
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	-	-	80,115	1
Financial assets at amortized cost - current (Notes 9 and 30)	55,684	-	116,677	1
Notes receivable from related parties (Notes 4, 5, 10 and 29)	44,465	-	56,772	-
Notes receivable from unrelated parties (Notes 4, 5, 10 and 30)	1,040,374	7	1,252,277	7
Trade receivables from related parties (Notes 4, 5, 10 and 29)	54,753	-	39,488	-
Trade receivables from unrelated parties (Notes 4, 5 and 10)	1,313,690	9	1,228,738	7
Inventories (Notes 4, 5 and 11)	3,337,743	21	4,027,175	24
Prepayments	109,809	1	144,639	1
Other current assets (Note 15)	41,372	-	2,301	-
Total current assets	7,632,887	49	8,816,525	52
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 30)	1,677,957	11	1,898,224	11
Investments accounted for using the equity method (Notes 4 and 12)	2,073,493	13	2,024,422	12
Property, plant and equipment (Notes 4, 13, 29 and 30)	3,276,213	21	3,165,177	19
Investment properties (Notes 4, 14 and 30)	947,208	6	958,879	6
Deferred tax assets (Notes 4 and 24)	41,571	-	32,240	-
Other non-current assets (Notes 10 and 15)	56,030	-	46,612	-
Total non-current assets	8,072,472	51	8,125,554	48
TOTAL	\$ 15,705,359	100	\$ 16,942,079	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 16)	\$ 4,688,264	30	\$ 6,875,405	41
Short-term bills payable (Notes 4 and 16)	469,737	3	429,734	2
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	41,755	-	8,659	-
Contract liabilities - current (Note 22)	141,910	1	143,030	1
Notes payable to unrelated parties (Notes 4 and 18)	254,763	2	647,007	4
Notes payable to related parties (Notes 4, 18 and 29)	608	-	3,156	-
Trade payables to unrelated parties (Notes 4 and 18)	45,499	-	177,687	1
Trade payables to related parties (Notes 4, 18 and 29)	1,299	-	1,482	-
Other payables (Notes 19 and 29)	91,511	-	165,288	1
Current tax liabilities (Notes 4 and 24)	-	-	71,573	-
Current portion of long - term borrowings and bonds payable (Notes 4, 16 and 17)	420,532	3	610,526	4
Other current liabilities	2,066	-	1,524	-
Total current liabilities	6,157,944	39	9,135,071	54
NON-CURRENT LIABILITIES				
Bonds payable (Note 17)	-	-	400,337	2
Long-term borrowings (Notes 4 and 16)	807,603	5	128,948	1
Long-term bills payable (Note 16)	1,898,531	12	-	-
Provisions - non-current (Notes 4 and 12)	3,570	-	3,570	-
Deferred tax liabilities (Notes 4 and 24)	12,201	-	21,605	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	27,048	-	27,744	-
Other non-current liabilities	514,382	4	514,382	3
Total non-current liabilities	3,263,335	21	1,096,586	6
Total liabilities	9,421,279	60	10,231,657	60
EQUITY (Notes 4 and 21)				
Share capital	3,106,877	20	3,106,877	18
Capital surplus	817,716	5	818,309	5
Retained earnings				
Legal reserve	858,883	6	761,010	5
Special reserve	43,567	-	-	-
Unappropriated earnings	1,565,297	10	2,067,794	12
Total retained earnings	2,467,747	16	2,828,804	17
Other equity	(108,260)	(1)	(43,568)	-
Total equity	6,284,080	40	6,710,422	40
TOTAL	\$ 15,705,359	100	\$ 16,942,079	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, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 29)				
Sales	\$ 8,335,222	99	\$ 8,591,658	99
Other operating revenue	<u>78,443</u>	<u>1</u>	<u>57,121</u>	<u>1</u>
Total operating revenue	<u>8,413,665</u>	<u>100</u>	<u>8,648,779</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold (Notes 11, 23 and 29)	(8,210,795)	(98)	(7,925,662)	(92)
Other operating costs	<u>(27,340)</u>	<u>-</u>	<u>(6,731)</u>	<u>-</u>
Total operating costs	<u>(8,238,135)</u>	<u>(98)</u>	<u>(7,932,393)</u>	<u>(92)</u>
GROSS PROFIT	<u>175,530</u>	<u>2</u>	<u>716,386</u>	<u>8</u>
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	(682)	-	(3,803)	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	<u>3,798</u>	<u>-</u>	<u>5</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>178,646</u>	<u>2</u>	<u>712,588</u>	<u>8</u>
OPERATING EXPENSES				
Selling and marketing expenses (Note 23)	(151,295)	(2)	(168,585)	(2)
General and administrative expenses (Notes 23 and 29)	(68,506)	(1)	(114,273)	(1)
Expected credit (loss) gain	<u>(35,029)</u>	<u>-</u>	<u>10,823</u>	<u>-</u>
Total operating expenses	<u>(254,830)</u>	<u>(3)</u>	<u>(272,035)</u>	<u>(3)</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(76,184)</u>	<u>(1)</u>	<u>440,553</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 29)				
Other income	74,648	1	75,366	1
Other gains	228,335	3	487,604	6
Finance costs	(161,553)	(2)	(138,896)	(2)
Share of profit of associates and joint ventures	<u>66,314</u>	<u>1</u>	<u>236,611</u>	<u>3</u>
Total non-operating income and expenses	<u>207,744</u>	<u>3</u>	<u>660,685</u>	<u>8</u>

(Continued)

HSIN KUANG STEEL COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 131,560	2	\$ 1,101,238	13
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(10,886)</u>	<u>-</u>	<u>(122,513)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>120,674</u>	<u>2</u>	<u>978,725</u>	<u>11</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	(631)	-	(3,125)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	<u>(62,108)</u>	<u>(1)</u>	<u>(75,941)</u>	<u>(1)</u>
	<u>(62,739)</u>	<u>(1)</u>	<u>(79,066)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>(2,584)</u>	<u>-</u>	<u>3,553</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(65,323)</u>	<u>(1)</u>	<u>(75,513)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 55,351</u>	<u>1</u>	<u>\$ 903,212</u>	<u>10</u>
EARNINGS PER SHARE (Note 25)				
From continuing operations				
Basic	<u>\$ 0.39</u>		<u>\$ 3.17</u>	
Diluted	<u>\$ 0.39</u>		<u>\$ 3.06</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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Share Capital		Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations		Other Equity		Total Equity
	Number of Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings		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, 2018	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
Special reserve reversed under Rule No. 101/0012865 issued by the FSC	-	-	-	-	(19,407)	19,407	-	-	-	-
Appropriation of 2017 earnings	-	-	-	106,624	-	(106,624)	-	-	-	-
Legal reserve	-	-	-	-	-	(459,291)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	(459,291)
Other changes in capital surplus	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in subsidiaries, associates, and joint ventures accounted for using the 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
Appropriation of 2018 earnings	-	-	-	97,873	-	(97,873)	-	-	-	-
Legal reserve	-	-	-	-	43,567	(43,567)	-	-	-	-
Special reserve	-	-	-	-	-	(466,032)	-	-	-	(466,032)
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-
Changes in percentage of ownership interests in subsidiaries	-	-	(593)	-	-	(1,302)	-	-	-	(1,895)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(13,766)	-	-	-	(13,766)
Net profit for the year ended December 31, 2019	-	-	-	-	-	120,674	-	-	-	120,674
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(631)	(2,584)	(62,108)	-	(65,323)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	120,043	(2,584)	(62,108)	-	55,351
BALANCE AT DECEMBER 31, 2019	310,688	\$ 3,106,877	\$ 817,716	\$ 858,883	\$ 43,567	\$ 1,565,297	\$ (370)	\$ (107,890)	\$ -	\$ 6,284,080

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, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 131,560	\$ 1,101,238
Adjustments for:		
Depreciation expenses	83,354	81,071
Amortization expenses	1,826	1,387
Expected credit loss recognized (reversed) on trade receivables	35,029	(10,823)
Net gain on fair value changes of financial assets at fair value through profit or loss	(151,126)	(467,995)
Net loss (gain) on fair value changes of financial liabilities at fair value through profit or loss	136,294	(24,521)
Finance costs	161,553	138,896
Interest income	(798)	(1,071)
Dividend income	(70,688)	(68,281)
Loss on disposal of property, plant and equipment	518	708
Share of profit of associates	(66,314)	(236,611)
(Reversal of) write-downs of inventories	(12,056)	108,793
Unrealized gain on transactions with associates	682	3,803
Realized gain on transactions with associates	(3,798)	(5)
Net gain on foreign currency exchange	(66,420)	(39,113)
Net defined benefit liabilities	(1,486)	(3,161)
Changes in operating assets and liabilities		
Decrease in financial assets mandatorily classified as at fair value through profit or loss	209,106	87,175
Decrease (increase) in notes receivable	224,211	(281,490)
Increase in trade receivables	(132,346)	(21,474)
Decrease (increase) in inventories	701,488	(1,392,680)
Decrease (increase) in prepayments	34,830	(63,743)
Increase in other current assets	(28,171)	(1,593)
(Decrease) increase in notes payable	(394,791)	225,892
(Decrease) increase in trade payables	(133,680)	174,771
Decrease in other payables	(53,188)	(3,428)
(Decrease) increase in contract liabilities	(1,120)	24,398
Increase in other current liabilities	542	15,831
Cash generated from (used in) operations	605,011	(652,026)
Interest received	798	1,071
Dividends received	70,688	68,281
Income tax paid	(111,291)	(185,226)
Net cash generated from (used in) operating activities	565,206	(767,900)

(Continued)

HSIN KUANG STEEL COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (12,000)	\$ (129,451)
Proceeds from sale of financial assets at fair value through other comprehensive income	228,386	-
Proceeds from capital reduction and return of shares from financial assets at fair value through other comprehensive income	8,121	2,222
Proceeds from disposal (purchase) of financial assets at amortized cost	60,992	(28,971)
Acquisition of associates and joint ventures	(17,675)	(441,152)
Payments for property, plant and equipment	(171,098)	(314,068)
Proceeds from disposal of property, plant and equipment	7,043	6,024
Acquisition of investment properties	(3,000)	-
Proceeds from disposal of investment properties	1,400	-
Increase in other non-current assets	(1,837)	(5,006)
Increase in prepayments for equipment	(17,212)	(17,254)
Dividends received from subsidiaries and associates	32,908	5,248
(Increase) decrease in refundable deposits	<u>(11,858)</u>	<u>73</u>
Net cash generated from (used in) investing activities	<u>104,170</u>	<u>(922,335)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	14,842,199	13,228,755
Repayments of short-term borrowings	(16,962,430)	(10,565,104)
Increase (decrease) in short-term bills payable	40,000	(40,000)
Proceeds from long-term borrowings	689,182	-
Repayments of long-term borrowings	(610,526)	(210,527)
Proceeds from long-term bills payable	1,900,000	-
Proceeds from guarantee deposits received	-	264,082
Interest paid	(173,937)	(103,579)
Dividends paid	<u>(466,032)</u>	<u>(612,388)</u>
Net cash (used in) generated from financing activities	<u>(741,544)</u>	<u>1,961,239</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(72,168)	271,004
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>978,699</u>	<u>707,695</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 906,531</u>	<u>\$ 978,699</u>

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

(Concluded)

Hsin Kuang Steel Co., Ltd.
Earnings distribution statement
2019

Unit: NT\$

Item	Amount	
	Subtotal	Total
Retained undistributed earnings carried over from the previous year		1,460,322,680
Minus: Actuarial losses on defined benefit plan (2019)	(631,977)	
Minus: Changes in equity of ownership of subsidiaries	(1,301,992)	
Minus: Disposal of investments in equity instruments in other comprehensive income measured at fair value through profit and loss	(13,766,275)	
Plus: Net profit after tax of current year	120,673,737	104,973,493
Appropriated items		
Statutory surplus reserve (10%)	(10,497,349)	
Special surplus reserve	(64,692,237)	(75,189,586)
Distributable earnings of the current year		1,490,106,587
Distribution items		
Shareholder cash dividends - NT\$0.80 per share	(248,550,159)	
	0	(248,550,159)
Retained undistributed earnings in this year		1,241,556,428

- (1). The Company shall distribute shareholder dividends totaling NT\$248,550,159 this year with cash dividends of NT\$0.80 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 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 2019 earnings shall be prioritized for the Company's earnings distribution.

[Attachment 6]

**The Company's Directors and Independent Directors Candidates
Lis for 15th-term**

Candidate Category	Candidate Name	Education	Experience	Job Title	Number of Shares Held
Director	Representative of Han De Investment Co., Ltd.: Alexander M.T.Su	Business Administration Program, National Chengchi University	Chairman of Hsin Kuang Steel Co., Ltd.	Chairman of Hsin Kuang Steel Co., Ltd.	21,055,276
Director	Representative of Trickle Co., Ltd.: Tian-Cheng, Chang	Primary Agricultural School	Chairman of Trickle Co., Ltd.	Chairman of Trickle Co., Ltd.	14,662,469
Director	Ming-shan, Jheng	Junior high school	Director and Vice General Manager of 2nd Operations Department of Hsin Kuang Steel Co., Ltd.	Director and Vice General Manager of 2nd Operations Department of Hsin Kuang Steel Co., Ltd.	1,812,999
Director	Fisher C.H. Yu	EMBA, College of Management, National Chung Hsing University	Director and Vice General Manager of Special Steels Department of Hsin Kuang Steel Co., Ltd.	Director and Vice General Manager of Special Steels Department of Hsin Kuang Steel Co., Ltd.	186,242
Director	Johnathon Y.J.Su	Master of Science (MSC), Birkbeck, University of London	Director and Assistant Vice General Manager of Operations Department of Hsin Kuang Steel Co., Ltd.	Director and Assistant Vice General Manager of Operations Department of Hsin Kuang Steel Co., Ltd.	7,704,930
Director	Shih-yang, Chen	Graduated from Dept. of Accounting, Soochow University	Vice Chairman, Taipei CPA Association	Director of Hsin Kuang Steel Co., Ltd. CPA, Chung Sun Certified Public Accountants Taipei Office	10,193
Independent Director	Winston Won	EMBA, College of Management, National Taiwan University	CPA and Director at Deloitte & Touche	Independent Director of Hsin Kuang Steel Co., Ltd. Chairman of Ofuna Technology Co., Ltd.	-

Candidate Category	Candidate Name	Education	Experience	Job Title	Number of Shares Held
Independent Director	Po-Young, Chu	Ph.D. in Business Administration, Purdue University	Professor, Department of Management Science, National Chiao Tung University	Independent Director of Hsin Kuang Steel Co., Ltd. Professor, Department of Management Science, National Chiao Tung University	-
Independent Director	Paul T.Y.Huang	BA in Business Administration, National Chengchi University	Chairman of Chung Hung Steel Corporation	Independent Director of Hsin Kuang Steel Co., Ltd.	-

Hsin Kuang Steel Company Limited

Rules of Procedure for the Shareholders' Meeting

Article1 : 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.

Article2 : 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.

Article3 : 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.

Article4 : Shareholders in attendance are obligated to follow the rules of the meeting, accept the resolution, and maintain the order of the meeting.

Article5 : 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.

Article6 : 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.

Article7 : 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.

Article8 : 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.

Article9 : 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.

Article10 : 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.

Article11 : 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.

Article12 : 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.

Article13 : 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.

Article14 : After a shareholder present at the meeting speaks, the chair may reply in person or assign relevant personnel to reply.

Article15 : The chair may announce to discontinue further discussions if the agenda is considered to have been sufficiently discussed to proceed with the voting.

Article16 : 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.

Article17 : 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.

Article18 : 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.

Article19 : 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.

Article20 : 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.

Article21 : 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.

Article22 : 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). CA01050 Iron and Steel Rolling, Drawing, and Extruding.
 - (2).CA02010 Manufacture of Metal Structure and Architectural Components.
 - (3).CA02060 Manufacture of Metal Containers.
 - (4).CA02990 Manufacture of Other Fabricated Metal Products.
 - (5).F111090 Wholesale of Construction Materials.
 - (6).F106010 Wholesale of Ironware.
 - (7).F206010 Retail Sale of Ironware.
 - (8).F211010 Retail Sale of Construction Materials.
 - (9).F401010 International Trade.
 - (10).G801010 Warehousing and Storage.
 - (11).H701010 Residence and Buildings Lease Construction and Development.
 - (12).H703100 Real Estate Rental and Leasing.
 - (13).IZ06010 Cargoes Packaging.
 - (14).JE01010 Rental and Leasing Activities.
 - (15).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 the Director that represents the Company. 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 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.

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.

The election of Directors shall be based on the candidate nomination system in accordance with Article 192-1 of the Company Act.

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.

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: 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: (Deleted).

Chapter 4 Directors

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.

The board meeting shall be convened at least once every quarter.

Article 15 : 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 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.

Article 16 : The Board of Directors shall be authorized to determine the remuneration for the Chairman and Directors 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 Audit Committee 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 remuneration for Directors. Employee bonus

and director 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 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. The 32nd amendment was on June 11, 2019.

Hsin Kuang Steel Co., Ltd.

Rules Governing the Election of Directors

- I. The elections of Company's Director shall be performed in accordance with the provisions in the Rules.
- II. The election of the Company's Directors may be executed by way of electronic voting. The election of Directors shall adopt the cumulative voting system. The open ballot voting, with the exception of shareholders voting electronically, may make use of the ballots prepared by the Board of Directors and printed with their attendance pass serial numbers and the number of votes represented. Each share shall be empowered with voting rights equal to the number of elected Directors in elections of Directors of the Company. These voting rights may be concentrated on one candidate or separated across a number of candidates. Elections for Independent Directors and non-Independent Directors shall be carried out at the same time and the number of elected candidates shall be counted separately.
- III. Before the election begins, the chair shall appoint a number of individuals to perform the respective duties of vote monitoring and counting personnel, provided that all monitoring personnel shall be shareholders of the Company.
The missions of the monitoring personnel are as follows:
1. Inspect the ballot box publicly prior to voting.
 2. Immediately open the seal and retrieve ballots after voting is completed and deliver the ballots to the counting personnel for counting.
 3. Inspection or determination of invalid ballots.
 4. Verify the number of ballots and number of voting rights compiled by the counting personnel.
 5. Assist the chair in maintaining order in voting and vote counting.
- IV. The Company's Directors shall be elected from among the shareholders with capacity at the shareholders meeting. Based on the number of seats predefined in the Articles of Incorporation, candidates with the highest votes in the election shall be assigned to fill independent director positions, followed by non-independent director and supervisor positions. In situations where there are two or more candidates with the same number of votes as represented by voting right

shares but fewer positions to accommodate them, the matter shall be decided by a drawing of lots by these equally-voted candidates and the Chairman shall draw lots on behalf of those who are not in attendance.

If an elected Independent Director or non-Independent Director is found to have provided erroneous personal information or if his or her election is determined to be invalid under applicable laws, the vacant position shall be filled by the next candidate with the highest number of votes in the same election, and subsequently announced at the same shareholders' meeting.

- V. The Board of Directors shall prepare ballots for Directors in numbers corresponding to the Directors to be elected and the serial number on attendance cards shall also be printed and filled with the number of voting rights, which shall then be distributed to shareholders of ordinary shares attending the shareholders meeting.

The name of a voter may be replaced by the attendance card serial number printed on the ballot. No ballots shall be produced for shareholders of ordinary shares who exercised their voting rights electronically.

- VI. When a candidate is a shareholder, the candidate must indicate in the "candidate" column of the ballot his/her name on the account and account number. If the candidate is not a shareholder, he/she shall indicate his/her name and National ID number. If the candidate is the government or an institution, the name of the government or institution shall be provided in the candidate's column on the ballot; the name of the government or institution along with that of its representative may also be provided. In cases of several representatives, names of all the additional representatives shall be provided.

- VII. A ballot with one of the following conditions is invalid:

1. A ballot not in compliance with these Rules.
2. A blank ballot placed in the ballot box.
3. The writing is unclear and illegible or has been altered.
4. Information of two candidates or more is provided on the same ballot.
5. There is additional information than the name on the account (name) or account number (National ID number) of the candidate and the assigned voting rights.
6. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register.
7. The name and National ID number provided on the ballot are verified to be invalid if the candidate is not a shareholder.

8. The name on the account (name) or account number (National ID number) of the candidate is not provided.

9. The selected number of candidates exceed the number of candidates that should be elected.

10. The sum of distributed voting rights exceed the number of voting rights held by the voter.

11. The selected candidate for Independent Director or non-Independent Director is not in the list of candidates for Independent Directors or non-Independent Directors.

VIII. The ballots should be counted during the meeting right directly after vote casting and the results of the vote shall be announced by the Chairman at the meeting.

IX. The Board of Directors of the Company shall issue notifications to the individuals elected as Independent Directors or non-Independent Directors.

X. The eligibility of individuals who do not meet conditions specified in Article 26-3, Paragraph 3 and 4 of the Securities and Exchange Act shall be invalid.

XI. Matters not addressed in these Rules shall be governed by the Company Act, the Articles of Incorporation of the Company, and other relevant laws and regulations.

XII. These Rules, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

XIII. Revision dates

The Rules Governing the Election of Directors were passed in the shareholders meeting on June 15, 2016.

Formalized on May 26, 1994.

The 1st amendment was on May 21, 2002.

The 2nd amendment was on June 13, 2007.

The 3rd amendment was on March 15, 2016, where the name of the Rules were changed to the "Rules Governing the Election of Directors" and were approved in a resolution of the 12th meeting of the 13th-term Board of Directors. The revised Rules Governing the Election of Directors shall be first applied at the election of the 14th-term Directors.

【Appendix 3】

Status of Holdings of Directors

- (1). Total issued shares of the Company as of April 13, 2020: 310,687,699 common shares.
- (2). The company implemented the repurchase of treasury shares on April 13, 2020: 270,000 ordinary shares
- (3). According to Article 26 of the Securities and Exchange Act, all Directors shall retain no less than 12,427,508 shares in total.
- (4). As of the ex-dividend date (April 13, 2020) shares retained by directors are as follows:

April 13, 2020

Title	Name	Shares currently held	
		Number of shares	Shareholding ratio
Director	Han De Investment Co., Ltd. representative: Alexander M.T.Su	21,055,276	6.78%
Director	Trickle Co., Ltd. representative: 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 45,432,109 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

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