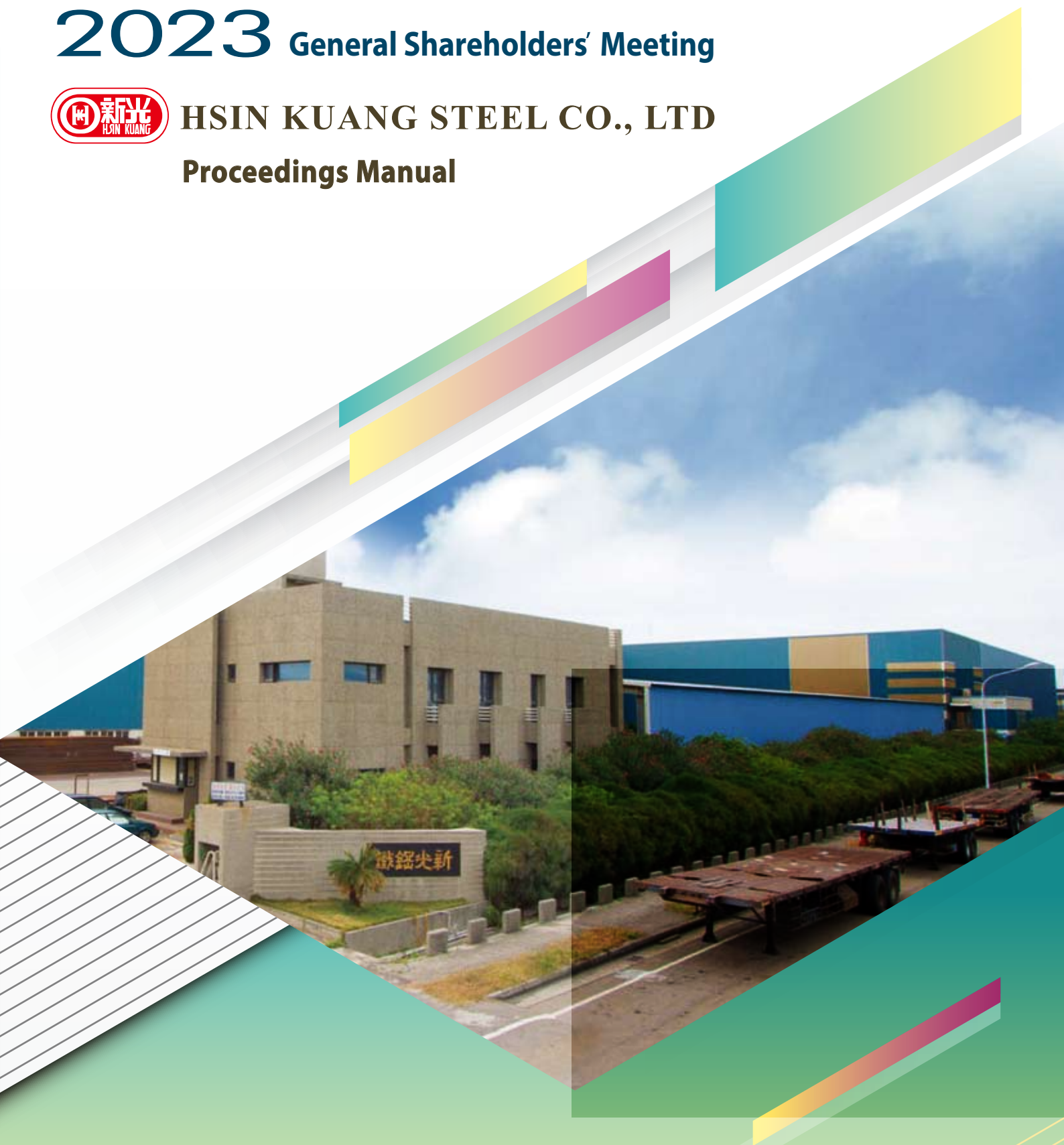


2023 General Shareholders' Meeting



HSIN KUANG STEEL CO., LTD

Proceedings Manual



Date: 9:00 AM, June 15, 2023

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

HsinKuang Steel Co., Ltd.

Proceedings Manual for the 2023 General Shareholders’

Meeting

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A.Call Meeting to Order

B. Agenda

Hsin Kuang Steel Co., Ltd.
Proceedings for 2023 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.

2023 General Shareholders' Meeting Agenda

Time: 9:00 AM, June 15 (Thursday), 2023

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

Type of meeting: Physical Shareholders' Meeting

Attendance: All shareholders and proxies

Chaired by: Chairman Alexander M.T.Su

I. Chairman's Speech

II. Reports

Proposal 1:2022 Business Report

Proposal 2:Audit Committee's Report

Proposal 3:Report on the 2022 distribution of remuneration to employees, directors, and supervisors

Proposal 4:The distribution of surplus cash dividends in 2022.

III. Acceptance and Discussions

Proposal 1:Ratification of the 2022 business report and financial statements.

Proposal 2:Approval of 2022 earnings distribution proposal.

Proposal 3:Approval of the amendment of the Articles of Incorporation.

IV. Votes

Proposal 1: Election of 16th-term directors.

V. Other Proposals

Proposal 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. 2022 Business Report
Description: The Company's 2022 Business Report was approved in the 18th meeting of the Company's 15th-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: Please see Attachment 2 on page 15 for the Audit Committee's Report attached to the Proceedings Manual.
- III. Report on the 2022 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 remuneration, 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 2022 remuneration for employees is NT\$18,388,354 and the remuneration shall be distributed in cash as approved in the 11th meeting of the 15th-term Board of Directors.
 - (III) The Company's 2022 remuneration for directors is NT\$18,388,354 and the remuneration shall be distributed in cash as approved in the 11th meeting of the 15th-term Board of Directors.
- IV. The distribution of surplus cash dividends in 2022.(Proposed by the Board of Directors)
Description:
 - (I) On March 17, 2023, the company passed the resolution of the board of directors to distribute shareholder dividends of NT\$321,146,341 in cash, with a cash dividend of NT\$1 per share, and authorized the board set the profit distribution cash dividend base date and distribution date.
 - (II) The above dividend rate is calculated based on the number of 321,146,341 shares recorded in the shareholder register of the company on March 9, 2023, and the number of shares that the company can participate in the distribution of cash dividends will be affected for any reason afterwards. When the dividend rate changes and needs to be revised, it is proposed to submit to the shareholders meeting to authorize the board of directors to handle and adjust it with full authority.

Acceptance and Discussions

Proposal 1 Proposed by the Board of Directors

Case: Ratification of the 2022 business report and financial statements.

Description:

- (I) The Company's 2022 financial statements, including the balance sheet, comprehensive income statement, statement of changes in equity, and the cash flow statement, have been audited by CPA Sheng-Hsiung Yao and CPA Shu-Ju Lin of Deloitte and recognized in the 18th meeting of the Company's 15th-term Board of Directors.
- (II) Please refer to and ratify the Company's 2022 Business Report, Independent Auditor's Report, and the aforementioned financial statements in Attachment 1 from page 12 to page 14 and Attachment 3 and 4 from page 16 to 36 of the Proceedings Manual.

Resolution:

Proposal 2 Proposed by the Board of Directors

Case: Approval of 2022 earnings distribution proposal.

Description:

- (I) The earnings distribution proposal is for the distribution of distributable earnings of 2022 in cash dividend of NT\$1 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 Board of Directors to adjust the distribution ratio based on the total amount of earnings resolved to be distributed in this shareholders' meeting in accordance with the quantity of the Company's shares in external circulation on the record date.
- (II) The distribution of shareholder cash dividends shall be calculated to the NT\$. The total fractional amounts less than NT\$1 shall be listed in ascending order according to the amount and account number, until it means the total distribution amount for shareholder cash dividends.
- (III) Please refer to and ratify the Company's 2022 Earnings Distribution Statement in Attachment 5 on page 37 of the Proceedings Manual.

Resolution:

Proposal 3 Proposed by the Board of Directors

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

Description:

- (I) Clarify the authorization method for the company's directors to attend the board meeting, and amend Article 14 of the company's articles of association.
- (II) Clarified the company's board of directors convening regulations, and amended Article 15 of the company's articles of association.
- (III) It is clearly stipulated that due to business needs, the company may handle endorsement guarantee matters in accordance with the company's endorsement guarantee operation procedures, and Article 20-3 of the company's articles of association is revised.
- (IV) To clarify the undecided matters in this Articles of Association, in accordance with the Company Law of the Republic of China and other relevant laws and regulations, and to revise Article 21 of the Company's Articles of Association.
- (V) Please refer to and ratify the Table of Comparison of Revised Articles of the Company's "Articles of Incorporation" in Attachment 6 from page 38 to page 39 of the Proceedings Manual.

Resolution:

Votes

Proposal 1 (proposed by the Board of Directors)

Case: Election of 16th-term directors.

Description: (i). The term of the 15th-term directors shall expire on August 5, 2023.

(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 10 directors (including 4 independent directors) in this general shareholders meeting.

(iii). The Company shall elect 10 directors (including 4 independent directors) in this election. The term of the elected directors shall be from August 6, 2023 to August 5, 2026.

(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 7 from page 40 to 42 of the Manual for the candidates' education, experience and other information.

Election Results:

Other Proposals

Proposal 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.

(iii).Please refer to Attachment 8 from page 43 to 44 of the Manual for the 16th-term of Directors (Including Independent Directors) was to conduct a competitive behavior statement.

(iv).It is proposed to seek approval from the shareholders' meeting to lift the restrictions on the director and his/her representatives from the date of their appointment as directors of the respective competing companies.

Resolution:

Extempore Motions

Meeting adjourned

C.Attachments

HsinKuang Steel Co., Ltd.

Business Report

Dear Shareholders,

In the year 2022, due to unfavorable factors such as the Russo-Ukrainian War, the European energy crisis, inflation and interest rate hikes, as well as strict epidemic prevention measures in mainland China suppressing consumption, the international steel prices fluctuated abnormally and various central banks continued to raise interest rates to curb soaring inflation, resulting in a significant correction in asset prices. The Taiwan stock market index also suffered from bearish oscillation, resulting in lower profits compared to the previous year. However, thanks to the sustained demand driven by the rigid domestic economy brought about by Taiwan's Forward-looking Infrastructure Development Program and the steady economic growth rate of Taiwan, the revenue performance achieved a reverse growth of 21% and reached a historic high of NT\$ 17.16 billion.

Financial Performance

The Company's consolidated revenue for 2022 totaled NT\$ 17.16 billion, which was a NT\$3.06 billion and 21% increase from the NT\$14.10 billion of the previous year. Operating profit was reported at NT\$760 million, a decrease of NT\$1.88 billion or 71% from the previous year's NT\$2.64 billion. The EPS was NT\$1.23, a decrease of NT\$7.39 or 86% from the previous year's NT\$8.62. The decline in revenue and profits was due to unfavorable factors such as the Russia-Ukraine conflict, the European energy crisis, inflation, and strict pandemic control measures in Mainland China, which suppressed consumption and affected the Company's performance.

In products sales, the Company's operating goal in 2022 was the sale of 500,000 metric tons of steel products and the combined sales of the year reached 470,000 metric tons. The achievement rate was 94%.

In income and expenditures, cash inflow in 2022 from business activities amounted to NT\$1.337 billion, which mainly came from the increase in accounts receivables generated in sales and the increase in inventory resulting from continuous procurement by the business units. Cash outflow for investment activities amounted to NT\$512 million mainly due to the purchase of properties and investment in plants and equipment. Cash outflow for financing activities amounted to NT\$694 million, mainly due to the distribution of shareholder cash dividends, and adjustment of long-term and short-term loans to meet operational needs. The ending cash and cash equivalents balance of the period was NT\$1.098 billion.

Annual Corporate Development

The 2023 business strategies include the following:

1. Review the inventory structure and adjust the product mix, and flexibly allocate with the ebb and flow of various steel industries in order to achieve reasonable profits.
2. In line with the increased construction needs of Taiwanese businessmen, cooperate with upstream and downstream manufacturers to form a strategic alliance to launch a comprehensive solution.
3. Offshore wind power underwater infrastructure equipment and technology manufacturing are in the rising stage of industrial development, continue to invest in first-class equipment, expand production bases, and serve wind farm users.
4. Deeply cultivate the solar photovoltaic system with high corrosion resistance, and serve the upstream and downstream solar manufacturers that cooperate with the government's vigorous promotion of energy policies.
5. Start the new ERP system and implement various management systems.
6. Give full play to the strength of the group and cooperate with the same industry and different industries.
7. Value chain integration, creating differentiation and creating a new blue ocean.
8. Develop new customers, new markets, emerging or growing industries.

Based on the aforementioned strategies, we shall continue to implement the following four plans:

1. Develop a new Blue Ocean: Cultivate talent, optimize the inventory structure, integrate value chains, and expand overseas markets.
2. Strengthen business management: Cultivate regional talent, adopt value-oriented strategies for profit centers, develop relationships with direct customers and those with whom we have not conducted transactions in a long time, improve the capabilities of each cutting center, and integrate supply chains.
3. Strengthen manufacturing management system: Improve production efficiency, utilization rates, improve labor safety management, improve production quality, reduce the outflow of mixed materials, improve environmental management, and implement production and management resources of joint ventures.
4. Simplify corporate procedures: Introduce tags into the production system, analyze the CRM database system, improve procedures, fully update computer systems, and introduce ERP with the aim of increasing efficiency and reducing lead times.

The total annual sales goal of 2023 is set at 580,000 metric tons of steel. The international steel industry is benefiting from the cooling of international inflation and the convergence of negative economic impacts from the Russia-Ukraine conflict, resulting in a significant drop in energy prices and accelerating the recovery of the European and American economies. The manufacturing sectors of major economies are gradually returning to expansion, with China fully reopening and promoting a large-scale "expansion of domestic demand" industrial economic revitalization policy, driving rigid and inventory replenishment demands. The recent earthquake in southern Turkey has hindered the production and transportation of local major steel mills, which may reduce their steel

exports and prioritize supply for post-disaster reconstruction demand, leading to an expected increase in steel demand in Europe. Taiwan's Directorate-General of Budget, Accounting and Statistics has predicted a 2.75% economic growth rate for Taiwan this year, and has also expanded the funding scale for public construction plans to nearly NT\$600 billion. The World Steel Association (worldsteel) originally forecasted a 1% growth in steel demand this year (about 18.15 million tons), but it is expected to be further revised upwards. We will Fully cooperate and participate in the pursuit of business opportunities. Combined with management capabilities and processing technology, all our colleagues are confident to achieve this year's business target of 580,000 tons this year.

ESG SustainableDevelopment

The Company is dedicated to establishing comprehensive corporate governance, steady operations and profits, as well as maintaining the balance between the interests of the environment, society, and all stakeholders.

The Company upholds ideals of sustainable development, such as environmental protection, clean energy, and space reuse. Over the years, we have reduced CO2 emissions by nearly 32,648 metric tons which is equivalent to 84 times the amount of CO2 that can be absorbed by Da'an Forest Parks.

The Company is focused on promoting green manufacturing, creating an inclusive workplace, cultivating talent, establishing a responsible supply chain, and caring for the disadvantaged. The Company will remain dedicated to doing its part as a corporate citizen and pursue a sustainable future.

Honors and Awards

In 2022, the Company received the Bronze Award in Manufacturing at the TCSA Taiwan Corporate Sustainability Awards awarded by the Taiwan Institute for Sustainable Energy for its achievements in corporate governance, sustainable development, and information disclosure. This marks the fourth consecutive year we have received this award. We will continue to strive for more successes.

Future Outlook

In 2022, the international steel prices were severely affected by various unfavorable factors, such as the Russia-Ukraine conflict, the European energy crisis, inflation, and strict COVID-19 prevention measures in Mainland China that suppressed consumption. Despite the turbulence, all our colleagues continued to deliver integrated value chain services, leading to a revenue growth of 21% in the crisis year. Looking ahead, the manufacturing sector of major economies is gradually expanding, and the Taiwanese government's Forward-looking Infrastructure Development Program will continue to allocate over NT\$600 billion in funds for domestic demand-driven economic construction. We are confident that we can reach new heights and embrace a fruitful year.

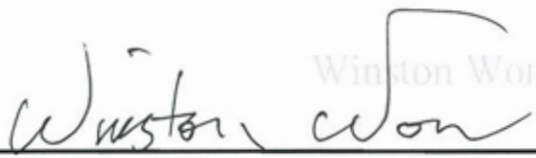
Chairman of the Board Alexander M.T. Su

Audit Committee's Report

The Board of Directors has prepared and submitted the 2022 business report, financial statements, and earnings distribution proposal. In particular, the financial statements have been audited by Deloitte & Touch and an audit report has been issued. These have been reviewed by the Audit Committee as correctly portraying the Company's business activities. In accordance with the Securities and Exchange Act and the Company Act, this report is submitted for shareholder's examination.

HsinKuang Steel Co., Ltd.

Audit Committee Convener



Winston Won

March 17, 2023

Independent Auditor's Report and the 2022 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, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the consolidated financial statements of the Group for the year ended December 31, 2022 is described as follows:

Revenue Recognition

The Group mainly engages in the sale, cutting, slitting, steel structure processing and logistics of various steel products. The Group's operating revenue for the year ended December 31, 2022 was NT\$17,155,532 thousand, a 22% growth from the previous year. For certain significant customers whose operating models differ from other customers, and those customers with a significant sales amount in the current year and showing a higher growth trend than the Group's average growth, as the sales amount from such customers is significant to the consolidated financial statements, we identified whether the sales transactions from the aforementioned customers actually occurred as a key audit matter.

Refer to Notes 4 and 23 to the consolidated financial statements for the accounting policies and related disclosures on revenue recognition.

We performed the following audit procedures in respect of the aforementioned revenue:

1. We obtained an understanding and tested the design and operating effectiveness of key controls over revenue recognition.
2. We selected samples from the sales ledger of the aforementioned revenue, verified such transactions against sales contracts, shipping reports and accounts receivable collections as evidence and confirmed the occurrence of such transactions.

Other Matter

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, 2022 and 2021, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Sheng-Hsiung Yao and Shu-Ju Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2023

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,098,666	5	\$ 964,372	4
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 32)	1,760,930	7	2,121,895	8
Financial assets at amortized cost - current (Notes 4, 9 and 32)	22,524	-	81,197	-
Contract assets - current (Note 23)	27,769	-	15,852	-
Notes receivable from unrelated parties (Notes 4, 5, 10 and 32)	1,740,817	7	2,077,865	8
Trade receivables from unrelated parties (Notes 4, 5 and 10)	2,997,367	12	2,314,141	9
Prepayments	140,452	1	280,774	1
Inventories (Notes 4, 5 and 11)	5,343,525	22	6,566,814	26
Other current assets (Note 16)	29,605	-	44,705	-
Total current assets	13,161,655	54	14,467,615	56
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	272,687	1	247,857	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 32)	2,498,747	10	3,159,429	12
Investments accounted for using the equity method (Notes 4, 13 and 32)	519,840	2	306,794	1
Property, plant and equipment (Notes 4, 14 and 32)	4,168,757	17	3,821,909	15
Right-of-use assets (Note 4)	3,399	-	4,728	-
Investment properties (Notes 4, 15 and 32)	3,658,733	15	3,766,202	15
Deferred tax assets (Notes 4 and 25)	61,605	-	65,475	-
Other non-current assets (Notes 5, 10 and 16)	93,828	1	81,874	-
Total non-current assets	11,277,596	46	11,454,268	44
TOTAL	\$ 24,439,251	100	\$ 25,921,883	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 17)	\$ 7,205,994	30	\$ 6,456,507	25
Short-term bills payable (Notes 4 and 17)	549,146	2	299,814	1
Contract liabilities - current (Note 23)	311,344	1	419,467	2
Notes payable to unrelated parties (Notes 4 and 19)	392,838	2	605,105	2
Trade payables to unrelated parties (Notes 4 and 19)	250,565	1	178,167	1
Other payables (Notes 20 and 31)	326,909	1	562,593	2
Current tax liabilities (Notes 4 and 25)	198,010	1	503,115	2
Current portion of long-term liabilities (Notes 4, 17 and 18)	496,814	2	300,943	1
Other current liabilities	11,801	-	8,447	-
Total current liabilities	9,743,421	40	9,334,158	36
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4 and 17)	2,004,042	8	2,389,854	9
Long-term bills payable (Notes 4 and 17)	2,399,515	10	2,398,755	9
Provisions - non-current (Notes 4 and 13)	2,262	-	-	-
Deferred tax liabilities (Notes 4 and 25)	144,420	1	112,594	1
Net defined benefit liabilities - non-current (Notes 4 and 21)	33,160	-	45,058	-
Other non-current liabilities	37,071	-	33,694	-
Total non-current liabilities	4,620,470	19	4,979,955	19
Total liabilities	14,363,891	59	14,314,113	55
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 22)				
Share capital	3,211,463	13	3,211,463	12
Capital surplus	943,451	4	943,451	4
Retained earnings				
Legal reserve	1,229,590	5	951,798	4
Unappropriated earnings	3,303,800	13	4,407,114	17
Total retained earnings	4,533,390	18	5,358,912	21
Other equity	674,418	3	1,377,475	5
Total equity attributable to owners of the Company	9,362,722	38	10,891,301	42
NON-CONTROLLING INTERESTS	712,638	3	716,469	3
Total equity	10,075,360	41	11,607,770	45
TOTAL	\$ 24,439,251	100	\$ 25,921,883	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, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 31)				
Sales	\$ 16,447,500	96	\$ 13,478,570	96
Other operating revenue	<u>708,032</u>	<u>4</u>	<u>624,472</u>	<u>4</u>
Total operating revenue	<u>17,155,532</u>	<u>100</u>	<u>14,103,042</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold (Notes 11, 24 and 31)	(15,596,989)	(91)	(10,667,417)	(76)
Other operating costs (Note 31)	<u>(369,639)</u>	<u>(2)</u>	<u>(318,556)</u>	<u>(2)</u>
Total operating costs	<u>(15,966,628)</u>	<u>(93)</u>	<u>(10,985,973)</u>	<u>(78)</u>
GROSS PROFIT	1,188,904	7	3,117,069	22
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	-	-	(2,258)	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	<u>-</u>	<u>-</u>	<u>1,265</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,188,904</u>	<u>7</u>	<u>3,116,076</u>	<u>22</u>
OPERATING EXPENSES				
Selling and marketing expenses (Note 24)	(294,727)	(1)	(272,256)	(2)
General and administrative expenses (Notes 24 and 31)	(132,338)	(1)	(219,896)	(1)
Expected credit gain (Note 10)	<u>2,940</u>	<u>-</u>	<u>13,190</u>	<u>-</u>
Total operating expenses	<u>(424,125)</u>	<u>(2)</u>	<u>(478,962)</u>	<u>(3)</u>
PROFIT FROM OPERATIONS	<u>764,779</u>	<u>5</u>	<u>2,637,114</u>	<u>19</u>
NON-OPERATING INCOME AND EXPENSES (Notes 24, 27 and 31)				
Interest income	1,746	-	494	-
Gain from bargain purchase - acquisition of subsidiary	-	-	136,024	1
Other income	248,118	1	127,100	1
Other gains and losses	(125,019)	(1)	475,444	4
Finance costs	(220,086)	(1)	(112,180)	(1)
Share of profit or loss of associates and joint ventures	<u>(9,738)</u>	<u>-</u>	<u>44,372</u>	<u>-</u>
Total non-operating income and expenses	<u>(104,979)</u>	<u>(1)</u>	<u>671,254</u>	<u>5</u>

(Continued)

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 659,800	4	\$ 3,308,368	24
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(242,232)</u>	<u>(2)</u>	<u>(537,530)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>417,568</u>	<u>2</u>	<u>2,770,838</u>	<u>20</u>
OTHER COMPREHENSIVE INCOME/(LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	1,030	-	(2,308)	-
Unrealized (loss)/gain on investments in equity instruments at fair value through other comprehensive income	<u>(713,606)</u>	<u>(4)</u>	<u>657,701</u>	<u>4</u>
	<u>(712,576)</u>	<u>(4)</u>	<u>655,393</u>	<u>4</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>10,575</u>	<u>-</u>	<u>(2,871)</u>	<u>-</u>
Other comprehensive income/(loss) for the year, net of income tax	<u>(702,001)</u>	<u>(4)</u>	<u>652,522</u>	<u>4</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	<u>\$ (284,433)</u>	<u>(2)</u>	<u>\$ 3,423,360</u>	<u>24</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 393,563	2	\$ 2,720,273	19
Non-controlling interests	<u>24,005</u>	<u>-</u>	<u>50,565</u>	<u>1</u>
	<u>\$ 417,568</u>	<u>2</u>	<u>\$ 2,770,838</u>	<u>20</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ (308,464)	(2)	\$ 3,372,787	24
Non-controlling interests	<u>24,031</u>	<u>-</u>	<u>50,573</u>	<u>-</u>
	<u>\$ (284,433)</u>	<u>(2)</u>	<u>\$ 3,423,360</u>	<u>24</u>
EARNINGS PER SHARE (Note 26)				
From continuing operations				
Basic	<u>\$ 1.23</u>		<u>\$ 8.62</u>	
Diluted	<u>\$ 1.22</u>		<u>\$ 8.57</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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										Non-controlling Interests	Total Equity
	Share Capital			Retained Earnings			Other Equity					
	Number of Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total			
BALANCE AT JANUARY 1, 2021	308,223	\$ 3,082,226	\$ 823,197	\$ 869,380	\$ 108,259	\$ 2,065,739	\$ (5,701)	\$ 728,354	\$ 7,671,454	\$ 429,976	\$ 8,101,430	
Appropriation of 2020 earnings	-	-	-	-	-	(82,418)	-	-	-	-	-	
Legal reserve	-	-	-	82,418	-	(82,418)	-	-	-	-	-	
Special reserve	-	-	-	-	(108,259)	(462,386)	-	-	(462,386)	-	(462,386)	
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(13,724)	(13,724)	
Cash dividends from capital surplus	-	-	(154,129)	-	-	-	-	-	(154,129)	-	(154,129)	
Changes in capital surplus in investments in associates accounted for using the equity method	-	-	-	-	-	(3,361)	-	-	(3,361)	-	(3,361)	
Changes in percentage of ownership interests in subsidiaries	-	-	6	-	-	(1,034)	-	-	(1,028)	-	(1,028)	
Convertible bonds converted to ordinary shares	12,923	129,237	274,377	-	-	-	-	-	403,614	-	403,614	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	64,350	-	-	64,350	-	64,350	
Net profit for the year ended December 31, 2021	-	-	-	-	-	2,720,273	-	-	2,720,273	50,565	2,770,838	
Other comprehensive income/(loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(2,308)	(2,879)	657,701	652,514	8	652,522	
Total comprehensive income/(loss) for the year ended December 31, 2021	-	-	-	-	-	2,717,965	(2,879)	657,701	3,372,787	50,573	3,423,360	
Changes of non-controlling interests	-	-	-	-	-	-	-	-	-	249,644	249,644	
BALANCE AT DECEMBER 31, 2021	321,146	3,211,463	943,451	951,798	-	4,407,114	(8,580)	1,386,055	10,891,301	716,469	11,607,770	
Appropriation of 2021 earnings	-	-	-	277,792	-	(277,792)	-	-	-	-	-	
Legal reserve	-	-	-	-	-	(1,284,585)	-	-	(1,284,585)	-	(1,284,585)	
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-	
Changes in capital surplus in investments in associates accounted for using the equity method	-	-	-	-	-	-	-	-	-	1,059	1,059	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(28,297)	(28,297)	
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	4,573	-	-	4,573	-	4,573	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	59,897	-	-	59,897	-	59,897	
Net profit for the year ended December 31, 2022	-	-	-	-	-	393,563	-	-	393,563	24,005	417,568	
Other comprehensive income/(loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	1,030	10,549	(713,606)	(702,027)	26	(702,001)	
Total comprehensive income/(loss) for the year ended December 31, 2022	-	-	-	-	-	394,593	10,549	(713,606)	(308,464)	24,031	(284,433)	
Changes of non-controlling interests	-	-	-	-	-	-	-	-	-	(624)	(624)	
BALANCE AT DECEMBER 31, 2022	321,146	\$ 3,211,463	\$ 943,451	\$ 1,229,590	\$ -	\$ 3,303,800	\$ 1,969	\$ 672,449	\$ 9,362,722	\$ 712,638	\$ 10,075,360	

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 659,800	\$ 3,308,368
Adjustments for:		
Depreciation expense	188,921	156,877
Amortization expense	8,497	5,987
Expected credit loss reversed on trade receivables	(2,940)	(13,190)
Net loss/(gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	239,787	(412,753)
Finance costs	220,086	112,180
Interest income	(1,746)	(494)
Dividend income	(213,975)	(100,774)
(Gain)/loss on disposal of property, plant and equipment	(103)	1,673
Gain on disposal of investment properties	(6,007)	-
Share of loss/(profit) of associates and joint ventures	9,738	(44,372)
Write-downs of inventories	111,144	840
Unrealized gain on transactions with associates	-	2,258
Realized gain on transactions with associates	-	(1,265)
Net loss on foreign currency exchange	9,948	69,214
Gain on remeasurement of investments accounted for using the equity method	-	(36,000)
Gain from bargain purchase - acquisition of subsidiary	-	(136,024)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	121,178	131,263
Contract assets	(11,917)	(13,091)
Notes receivable	338,826	(555,054)
Trade receivables	(671,009)	71,379
Other receivables	9,722	(11,959)
Inventories	1,112,145	(2,082,626)
Prepayments	25,558	(99,209)
Other current assets	5,378	(746)
Notes payable	(212,267)	524
Trade payables	72,398	(136,420)
Other payables	(269,084)	135,947
Decrease in net defined benefit liabilities	(3,569)	(334)
Provisions	2,262	(3,570)
Contract liabilities	(108,123)	206,789
Other current liabilities	3,354	(7,726)
Cash generated from operations	1,638,002	547,692
Interest received	1,746	494
Dividends received	213,975	100,774
Income tax paid	(515,945)	(133,168)
Net cash generated from operating activities	1,337,778	515,792

(Continued)

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (98,735)	\$ -
Proceeds from sale of financial assets at fair value through other comprehensive income	114,798	176,441
Purchase of financial assets at fair value through profit or loss	(24,830)	(175,928)
Purchase of financial assets at amortized cost	-	(1,038)
Proceeds from sale of financial assets at amortized cost	58,674	-
Acquisition of long-term equity investments accounted for using the equity method	(229,800)	(205,600)
Payments for property, plant and equipment	(242,516)	(635,701)
Proceeds from disposal of property, plant and equipment	764	7,084
Payments for right-of-use assets	(623)	-
Proceeds from disposal of investment properties	38,195	-
Payments for investment properties	(1,723)	(2,289)
Increase in other non-current assets	(18,432)	(1,026)
Increase in prepayments for equipment	(112,219)	(108,142)
Dividends received from investees	7,016	4,977
(Increase)/decrease in refundable deposits	(3,246)	24,338
Net cash outflow on acquisition of subsidiary	<u>-</u>	<u>(204,414)</u>
Net cash used in investing activities	<u>(512,677)</u>	<u>(1,121,298)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	17,005,856	15,812,403
Repayments of short-term borrowings	(16,275,352)	(15,009,267)
Increase in short-term bills payable	250,000	120,000
Repayments of corporate bonds	-	(100)
Proceeds from long-term borrowings	300,000	586,000
Repayments of long-term borrowings	(478,709)	(45,487)
Increase/(decrease) in guarantee deposits received	4,697	(569)
Interest paid	(187,914)	(110,671)
Dividends paid to owners of the Company	(1,284,585)	(616,515)
Dividends paid to non-controlling interests	(28,297)	(13,724)
Change in non-controlling interests	<u>(625)</u>	<u>138,726</u>
Net cash (used in)/generated from financing activities	<u>(694,929)</u>	<u>860,796</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>4,122</u>	<u>(361)</u>
		(Continued)

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 134,294	\$ 254,929
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>964,372</u>	<u>709,443</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,098,666</u>	<u>\$ 964,372</u>

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

(Concluded)

[Attachment 4]

Independent Auditor's Report and the 2022 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, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and 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, 2022 and 2021, 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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, 2022. 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 matter identified in the Company's financial statements for the year ended December 31, 2022 is described as follows:

Revenue Recognition

The Company mainly engages in the sale, cutting, slitting, steel structure processing and logistics of various steel products. The Company's operating revenue for the year ended December 31, 2022 was NT\$14,397,415 thousand, a 7% growth from the previous year. For certain significant customers whose operating models differ from other customers, and those customers with significant sales amount in the current year and showing a higher growth trend than the Company's average growth, as the sales amount from such customers is significant to the consolidated financial statements, we identified whether the sales transactions from the aforementioned customers actually occurred as a key audit matter.

Refer to Notes 4 and 22 to the financial statements for the accounting policies and related disclosures on revenue recognition.

We performed the following audit procedures in respect of the aforementioned revenue:

1. We obtained an understanding and tested the design and operating effectiveness of key controls over revenue recognition.
2. We selected samples from the sales ledger of the aforementioned revenue, verified such transactions against sales contracts, shipping reports and accounts receivable collections as evidence and confirmed the occurrence of such transactions.

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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the 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, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Sheng-Hsiung Yao and Shu-Ju Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2023

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, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 754,398	3	\$ 619,800	3
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,091,015	5	1,355,311	6
Financial assets at amortized cost - current (Notes 4, 9 and 30)	16,811	-	77,074	-
Notes receivable from related parties (Notes 4, 5, 10 and 29)	28,532	-	73,833	-
Notes receivable from unrelated parties (Notes 4, 5, 10 and 30)	1,581,510	7	1,800,423	8
Trade receivables from related parties (Notes 4, 5, 10 and 29)	142,924	1	225,361	1
Trade receivables from unrelated parties (Notes 4, 5 and 10)	2,500,440	11	1,795,662	8
Inventories (Notes 4, 5 and 11)	4,449,990	20	5,633,936	23
Prepayments	75,292	-	83,505	-
Other current assets (Notes 15 and 29)	17,106	-	51,628	-
Total current assets	10,658,018	47	11,716,533	49
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	272,687	1	247,857	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 30)	2,406,617	11	3,076,389	13
Investments accounted for using the equity method (Notes 4, 12 and 30)	3,300,104	14	3,068,896	13
Property, plant and equipment (Notes 4, 13, 29 and 30)	2,453,203	11	2,099,792	9
Investment properties (Notes 4, 14 and 30)	3,627,614	16	3,742,322	15
Deferred tax assets (Notes 4 and 24)	36,533	-	30,024	-
Other non-current assets (Notes 10 and 15)	38,697	-	66,585	-
Total non-current assets	12,135,455	53	12,331,865	51
TOTAL	\$ 22,793,473	100	\$ 24,048,398	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 16)	\$ 6,932,944	30	\$ 6,149,357	26
Short-term bills payable (Notes 4 and 16)	549,146	2	299,814	1
Contract liabilities - current (Note 22)	275,031	1	306,898	1
Notes payable to unrelated parties (Notes 4 and 18)	212,821	1	358,853	2
Notes payable to related parties (Notes 4, 18 and 29)	11,373	-	1,777	-
Trade payables to unrelated parties (Notes 4 and 18)	100,685	1	75,257	-
Trade payables to related parties (Notes 4, 18 and 29)	3,695	-	18,401	-
Other payables (Notes 19 and 29)	261,158	1	461,008	2
Current tax liabilities (Notes 4 and 24)	162,130	1	464,440	2
Current portion of long-term liabilities (Notes 4, 16 and 17)	410,526	2	210,526	1
Other current liabilities - other (Note 29)	21,434	-	18,896	-
Total current liabilities	8,940,943	39	8,365,227	35
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4 and 16)	1,470,202	6	1,891,959	8
Long-term bills payable (Notes 4 and 16)	2,399,515	11	2,398,755	10
Deferred tax liabilities (Notes 4 and 24)	35,691	-	3,941	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	23,081	-	26,578	-
Other non-current liabilities (Note 29)	561,319	3	470,637	2
Total non-current liabilities	4,489,808	20	4,791,870	20
Total liabilities	13,430,751	59	13,157,097	55
EQUITY (Notes 4 and 21)				
Share capital	3,211,463	14	3,211,463	13
Capital surplus	943,451	4	943,451	4
Retained earnings				
Legal reserve	1,229,590	5	951,798	4
Unappropriated earnings	3,303,800	15	4,407,114	18
Total retained earnings	4,533,390	20	5,358,912	22
Other equity	674,418	3	1,377,475	6
Total equity	9,362,722	41	10,891,301	45
TOTAL	\$ 22,793,473	100	\$ 24,048,398	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, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 29)				
Sales	\$ 14,086,221	98	\$ 13,176,735	98
Other operating revenue	<u>311,194</u>	<u>2</u>	<u>242,130</u>	<u>2</u>
Total operating revenue	<u>14,397,415</u>	<u>100</u>	<u>13,418,865</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold (Notes 11, 23 and 29)	(13,545,320)	(94)	(10,502,005)	(79)
Other operating costs (Note 29)	<u>(83,745)</u>	<u>(1)</u>	<u>(29,933)</u>	<u>-</u>
Total operating costs	<u>(13,629,065)</u>	<u>(95)</u>	<u>(10,531,938)</u>	<u>(79)</u>
GROSS PROFIT	<u>768,350</u>	<u>5</u>	<u>2,886,927</u>	<u>21</u>
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	<u>(11,600)</u>	<u>-</u>	<u>(118,704)</u>	<u>(1)</u>
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	<u>79,650</u>	<u>1</u>	<u>99,295</u>	<u>1</u>
REALIZED GROSS PROFIT	<u>836,400</u>	<u>6</u>	<u>2,867,518</u>	<u>21</u>
OPERATING EXPENSES				
Selling and marketing expenses (Note 23)	(217,971)	(1)	(261,539)	(2)
General and administrative expenses (Notes 23 and 29)	(112,712)	(1)	(184,278)	(1)
Expected credit gain (Note 10)	<u>3,149</u>	<u>-</u>	<u>12,898</u>	<u>-</u>
Total operating expenses	<u>(327,534)</u>	<u>(2)</u>	<u>(432,919)</u>	<u>(3)</u>
PROFIT FROM OPERATIONS	<u>508,866</u>	<u>4</u>	<u>2,434,599</u>	<u>18</u>
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 29)				
Interest income	1,366	-	401	-
Other income	228,641	2	101,362	1
Gain from bargain purchase - acquisition of subsidiary (Note 12)	-	-	136,024	1

(Continued)

HSIN KUANG STEEL COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
Other gains and losses	\$ 36,881	-	\$ 363,536	3
Finance costs	(204,974)	(2)	(106,426)	(1)
Share of profit or loss of subsidiaries, associates and joint ventures	<u>5,389</u>	-	<u>312,196</u>	2
Total non-operating income and expenses	<u>67,303</u>	-	<u>807,093</u>	6
PROFIT BEFORE INCOME TAX	576,169	4	3,241,692	24
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(182,606)</u>	(1)	<u>(521,419)</u>	(4)
NET PROFIT FOR THE YEAR	<u>393,563</u>	3	<u>2,720,273</u>	20
OTHER COMPREHENSIVE INCOME/(LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	1,030	-	(2,308)	-
Unrealized (loss)/gain on investments in equity instruments at fair value through other comprehensive income	<u>(713,606)</u>	(5)	<u>657,701</u>	5
	<u>(712,576)</u>	(5)	<u>655,393</u>	5
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>10,549</u>	-	<u>(2,879)</u>	-
Other comprehensive (loss)/income for the year, net of income tax	<u>(702,027)</u>	(5)	<u>652,514</u>	5
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	<u>\$ (308,464)</u>	(2)	<u>\$ 3,372,787</u>	25
EARNINGS PER SHARE (Note 25)				
From continuing operations				
Basic	<u>\$ 1.23</u>		<u>\$ 8.62</u>	
Diluted	<u>\$ 1.22</u>		<u>\$ 8.57</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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Share Capital		Retained Earnings			Other Equity			Total Equity
	Number of Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2021	308,223	\$ 3,082,226	\$ 823,197	\$ 869,380	\$ 108,259	\$ 2,065,739	\$ (5,701)	\$ 728,354	\$ 7,671,454
Appropriation of 2020 earnings	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	82,418	-	(82,418)	-	-	-
Special reserve	-	-	-	-	(108,259)	108,259	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(462,386)	-	-	(462,386)
Cash dividends from capital surplus	-	-	(154,129)	-	-	-	-	-	(154,129)
Changes in capital surplus in investments in associates accounted for using the equity method	-	-	-	-	-	-	-	-	-
Changes in percentage of ownership interests in subsidiaries	-	-	6	-	-	(1,034)	-	-	(1,028)
Convertible bonds converted to ordinary shares	12,923	129,237	274,377	-	-	-	-	-	403,614
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	64,350	-	-	64,350
Net profit for the year ended December 31, 2021	-	-	-	-	-	2,720,273	-	-	2,720,273
Other comprehensive income/(loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(2,308)	(2,879)	657,701	652,514
Total comprehensive income/(loss) for the year ended December 31, 2021	-	-	-	-	-	2,717,965	(2,879)	657,701	3,372,787
BALANCE AT DECEMBER 31, 2021	321,146	3,211,463	943,451	951,798	-	4,407,114	(8,580)	1,386,055	10,891,301
Appropriation of 2021 earnings	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	277,792	-	(277,792)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(1,284,585)	-	-	(1,284,585)
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	4,573	-	-	4,573
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	59,897	-	-	59,897
Net profit for the year ended December 31, 2022	-	-	-	-	-	393,563	-	-	393,563
Other comprehensive income/(loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	1,030	10,549	(713,606)	(702,027)
Total comprehensive income/(loss) for the year ended December 31, 2022	-	-	-	-	-	394,593	10,549	(713,606)	(308,464)
BALANCE AT DECEMBER 31, 2022	321,146	\$ 3,211,463	\$ 943,451	\$ 1,229,590	\$ -	\$ 3,303,800	\$ 1,969	\$ 672,449	\$ 9,362,722

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 576,169	\$ 3,241,692
Adjustments for:		
Depreciation expense	125,968	91,527
Amortization expense	6,508	3,970
Expected credit loss reversed on trade receivables	(3,149)	(12,898)
Net loss/(gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	83,224	(296,728)
Finance costs	204,974	106,426
Interest income	(1,366)	(401)
Dividend income	(201,095)	(80,092)
Gain on disposal of property, plant and equipment	(109)	(3,830)
Gain on disposal of investment property	(6,007)	-
Share of profit of subsidiaries, associates and joint ventures	(5,389)	(312,196)
Write-downs of inventories	113,502	-
Unrealized gain on transactions with associates	11,600	118,704
Realized gain on transactions with associates	(79,650)	(99,295)
Net loss on foreign currency exchange	9,967	61,099
Gain on remeasurement of investments accounted for using the equity method	-	(36,000)
Gain from bargain purchase - acquisition of subsidiary	-	(136,024)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	181,073	(42,886)
Notes receivable	265,992	(499,784)
Trade receivables	(609,915)	235,552
Other receivables	35,031	(28,788)
Inventories	1,070,444	(2,141,881)
Prepayments	8,213	18,078
Other current assets	(511)	-
Notes payable	(136,436)	(14,096)
Trade payables	10,722	(58,415)
Other payables	(231,778)	224,482
Contract liabilities	(31,867)	157,662
Provisions	-	(3,570)
Advance lease payments received	(16,631)	(15,360)
Net defined benefit liabilities	(2,209)	(2,003)
Other current liabilities	(1,802)	1,609
Cash generated from operations	1,375,473	476,554
Interest received	1,366	401
Dividends received	201,095	80,092
Income tax paid	(462,570)	(121,836)
Net cash generated from operating activities	1,115,364	435,211

(Continued)

HSIN KUANG STEEL COMPANY LIMITED

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (98,736)	\$ -
Proceeds from sale of financial assets at fair value through other comprehensive income	114,798	176,441
Purchase of financial assets at fair value through profit or loss	(24,830)	(175,928)
Purchase of financial assets at amortized cost	-	(338)
Proceeds from disposal of financial assets at amortized cost	60,263	-
Acquisition of long-term equity investments accounted for using the equity method	(229,800)	(410,014)
Payments for property, plant and equipment	(227,187)	(498,551)
Proceeds from disposal of property, plant and equipment	546	51,838
Proceeds from disposal of investment properties	38,195	-
Payments for investment properties	(1,723)	(2,289)
Increase in other non-current assets	(14,069)	(1,623)
Increase in prepayments for equipment	(30,909)	(68,110)
Dividends received from investees	89,789	88,936
(Increase)/decrease in refundable deposits	(3,217)	21,849
Net cash used in investing activities	(326,880)	(817,789)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	16,234,082	15,472,836
Repayments of short-term borrowings	(15,469,498)	(14,684,249)
Increase in short-term bills payable	250,000	120,000
Repayment of corporate bonds	-	(100)
Proceeds from long-term borrowings	-	300,000
Repayments of long-term borrowings	(210,526)	(10,526)
(Decrease)/increase in guarantee deposits received	(405)	3,017
Interest paid	(172,954)	(104,567)
Dividends paid	(1,284,585)	(616,515)
Net cash (used in)/generated from financing activities	(653,886)	479,896
NET INCREASE IN CASH AND CASH EQUIVALENTS	134,598	97,318
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	619,800	522,482
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 754,398	\$ 619,800

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

(Concluded)

HsinKuang Steel Co., Ltd.
2022 Earnings Distribution Statement

Unit: NT\$

Item	Amount	
	Subtotal	Total
Undistributed earnings retained in the previous year		2,844,735,668
Minus: Actuarial gains and losses on defined benefit plan(2022)	1,029,940	
Minus: Changes in equity of ownership of subsidiaries	4,573,066	
Plus: Disposal of equity instruments at fair value through other comprehensive income	59,897,183	
Plus: Net profit after tax of the current year	393,562,842	459,063,031
Provisions		
Statutory reserve(10%)	(45,906,303)	(45,906,303)
Distributable earnings of the current year		3,257,892,396
Distributions		
Shareholder cash dividends – NT\$1 per share	(321,146,341)	(321,146,341)
Undistributed earnings retained in this year		2,936,746,055

- (1). The Company shall distribute shareholder cash dividends totaling NT\$321,146,341 this year, representing cash dividends of NT\$1 per share.
- (2). The distribution of shareholder dividends shall be calculated to the NT\$. The total fractional amounts less than NT\$1 shall be listed in ascending order according to the amount and account number, until it means the total distribution amount for shareholder dividends.
- (3). In the future, if the number of the Company's shares that can participate in the distribution of cash dividends is affected for any reason and the dividend rate of shareholders changes, the shareholders' meeting shall be requested to authorize the Board of Directors to handle and adjust the matter.
- (4). The 2022 earnings shall be prioritized for the Company's earnings distribution.
- (5). The distribution of this cash dividends shall be determined by a resolution of the Board of Directors in accordance with the company's articles of association and shall be reported at the shareholders' meeting.

HsinKuang Steel Co., Ltd.

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

The 35th amendment was on March 17, 2023

Article	Revised content (underlined)	Original content	Reason for revision
Article 14	<p>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.</p> <p><u>Except as otherwise provided by Securities and Exchange Act</u>, 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.</p>	<p>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.</p> <p>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.</p>	Amended to specify that the authorization methods for directors' attendance at board meetings in accordance with the regulations.
Article 15	<p>The board meeting shall be convened at least once every quarter.</p> <p>The first meeting of the <u>newly elected</u> Board of Directors for each term shall be convened <u>by the most voted member of the board with the most voting right in the shareholder meeting</u>. The Board of Directors meeting shall be convened by the Chairman. Other meetings shall be convened and chaired by the Chairman.</p> <p>Notices for the Company's Board of Directors meetings shall be <u>notified seven days in advance of the meeting</u>. The date, location, and agenda of the meeting shall be clearly stated in the notice. <u>In case of emergency</u>, a Board of Directors meeting may be called at any time without requiring notices described above. The notice in the preceding paragraph shall be provided in print or in electronic format.</p> <p>Directors' attendance via video conference shall be considered as attendance in person.</p> <p>The Chairman shall chair the Board of Directors meeting. In addition, the Chairman retains the right to represent the Company in signing documents in accordance with resolutions passed in the Board of Directors meeting. The Chairman shall represent the Board of Directors to take actions for furthering the Company's goals during the recess of the Board in accordance with the Board's resolutions.</p> <p>Where the Chairman is absent, the Vice Chairman or other Directors shall act on his/her behalf in accordance with Article 208 of the Company Act. If the Chairman is unable to perform the duties, the Chairman may appoint one of the directors to act on his/her behalf. If no one is appointed, the remaining Directors</p>	<p>The board meeting shall be convened at least once every quarter.</p> <p>The first meeting of the Board of Directors for each term shall be convened in accordance with Article 203 of the Company Act. The Board of Directors meeting shall be convened by the Chairman. Other meetings shall be convened and chaired by the Chairman.</p> <p>Notices for the Company's Board of Directors meetings shall be distributed to the Directors at least seven days before the meeting. The date, location, and agenda of the meeting shall be clearly stated in the notice. However, a Board of Directors meeting may be called at any time in the event of an emergency without requiring notices described above. The notice in the preceding paragraph shall be provided in print or in electronic format.</p> <p>Directors' attendance via video conference shall be considered as attendance in person.</p> <p>The Chairman shall chair the Board of Directors meeting. In addition, the Chairman retains the right to represent the Company in signing documents in accordance with resolutions passed in the Board of Directors meeting. The Chairman shall represent the Board of Directors to take actions for furthering the Company's goals during the recess of the Board in accordance with the Board's resolutions.</p> <p>Where the Chairman is absent, the Vice Chairman or other Directors shall act on his/her behalf in accordance with Article 208 of the Company Act. If the Chairman is unable to perform the duties, the Chairman may appoint one of the directors to act on his/her behalf. If no one is appointed, the</p>	Amended to specify that the rules for convening the Board of Directors of this company and the detailed procedures for internal organization and business processing are clearly defined and determined by the Board of Directors.

Article	Revised content (underlined)	Original content	Reason for revision
	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.	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 20-3	The procedures for endorsing and guaranteeing operations may be handled in accordance with the provisions of the Company's endorsement and guarantee procedures, when requirements for the Company's business purposes.	(Add)	Added to specify that the basis for the company to handle endorsing and guaranteeing operations.
Article 21	Any matters that are not <u>stipulated</u> in the Articles of Incorporation shall be governed by the Company Act <u>of the Republic of China</u> and the relevant regulations.	Any matters that are not addressed in the Articles of Incorporation shall be governed by the Company Act and the relevant regulations.	Amended to specify that the basis for undecided matters.
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 33th amendment was on June 15, 2022. <u>The 34rd amendment was on June 15, 2023.</u>	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 33th amendment was on June 15, 2022.	Added the amendment date.

Hsin Kuang Steel Co., Ltd.

List of Candidates for the 16th-term of Directors (Including Independent Directors)

Category	Candidate Name	Education Experiences	Work Experiences	Current Positions	Number of Shares Held
Director	Representative of Han De Investment Co., Ltd.: Alexander M.T.Su	Executive Management Course, Center for Public and Business Administration Education, National Chengchi University	Chairman of Hsin Kuang Steel Co.,Ltd.	Chairman of Hsin Kuang Steel Co.,Ltd.	27,200,276
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	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	Director and Vice General Manager of Special Steels Department of Hsin Kuang Steel Co.,Ltd.	186,242

Category	Candidate Name	Education Experiences	Work Experiences	Current Positions	Number of Shares Held
Director	Johnathon Y.J. Su	Master of Science, University of London Birkbeck	Director and Vice General Manager of Operations Department of Hsin Kuang Steel	Director and Vice General Manager of Operations Department of Hsin Kuang Steel Co.,Ltd.	7,704,930
Director	Shih-yang, Chen	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.,	-
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. Adjunct Professor, Department of Management Science, National Chiao Tung University	-

Category	Candidate Name	Education Experiences	Work Experiences	Current Positions	Number of Shares Held
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.	-
Independent Director	Wei-Zong, Liu	BA in Law, National Taiwan University	Chief Prosecutor, Kaohsiung District Prosecutor's Office	-	120,000

Hsin Kuang Steel Co., Ltd.

The 16th-term of Directors (Including Independent Directors) was to conduct a competitive behavior statement

Category	Candidate Name	Company Name and Concurrent Positions
Director	Representative of Han De Investment Co., Ltd.: Alexander M.T.Su	Chairman of Han De Investment Co., Ltd. Chairman of Hsin Ho Fa Metal Co., Ltd. Chairman of APEX Wind Power Equipment Manufacturing Co., Ltd. Chairman of Mason Metal Industry Co., Ltd. Chairman of Hsin Ching International Co., Ltd. Chairman of Hsin Cheng Logistics Development Co., Ltd. Chairman of Hui Rong Enterprise Co., Ltd. Director of Chen Yu Investment Co., Ltd. Director of Century Iron and Steel Industrial Co., Ltd.
Director	Representative of Trickle Co., Ltd.: Tian-Cheng, Chang	Chairman of Trickle Co., Ltd. Chairman of Shin Fa Steel Mfg. Co., Ltd. Chairman of Tai Shin Fa Investment 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 of APEX Wind Power Equipment Manufacturing Co., Ltd. Director of Hsin Ching International Co., Ltd. Director of Han De Investment Co., Ltd. Director of Yun-Shen Energies Recycling Tech Co., Ltd. Director of Envirolink Corporation Co., Ltd.
Director	Fisher C.H.Yu	Director of Hsin Ho Fa Metal Co., Ltd. Director of Hui Rong Enterprise Co., Ltd.
Director	Johnathon Y.J. Su	Chairman of Chen Yu Investment Co., Ltd. Director of Mason Metal Industry Co., Ltd. Director of Hui Rong Enterprise Co., Ltd. Director of Han De Investment Co., Ltd.
Director	Shih-yang,Chen	Director of Trickle Co., Ltd. Independent Directors of Wonderful Hi-Tech Co., Ltd.

Category	Candidate Name	Company Name and Concurrent Positions
Independent Director	Winston Won	Chairman of Ofuna Technology Co., Ltd. Chairman of Shao Rui Development Co., Ltd. Independent Director of Taiwan Name Plate Co., Ltd. Independent Director of Hold-Key Electric Wire & Cable Co., Ltd. Independent Director of Cica-Huntek Chemical Technology Taiwan Co., Ltd.
Independent Director	Po-Young, Chu	Independent Director of E Ink Holdings Inc.

D.Appendix

HsinKuang Steel Co., Ltd.
Rules of Procedure for the Shareholders' Meeting
(before Amendment)

- Article 1 The Company's shareholders' meeting shall be conducted in accordance with these Rules. Matters not provided herein shall be handled in accordance with relevant laws and regulations.
- Article 2 Shareholders attending the meeting in person (or their proxies) shall wear attendance and present badges and shall submit sign-in cards in lieu of signing in. The Company's weight of share ownership in attendance shall be based on the weight of share ownership in the submitted sign-in cards, plus the weight of share ownership exercised via electronic voting. The shareholders referred to in the Rules shall be based on the records in the Company's list of shareholders.
- Article 3 Shareholders of the Company shall be entitled to one vote for each share held, except where such share becomes a non-voting share because it fits the circumstance specified in Article 179 of the Company Act, or where such share is restricted by the Company Act from exercising its voting right. A shareholder who cannot attend a shareholders' meeting may appoint a proxy to attend on his/her behalf by executing a power of attorney printed and issued by the Company, stating clearly the scope of the authorization. With the exception of trust enterprises or stock affairs agencies approved by the competent securities authority, 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. A shareholder may only execute one power of attorney and appoint one proxy only; the power of attorney shall be delivered to the Company at least five days prior to the shareholders' meeting. In the event that multiple proxy forms are issued, the proxy form that arrives first shall prevail. However, exception shall be granted if the shareholder issues a proper declaration to withdraw the previous proxy arrangement. After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights electronically, a written notice of proxy cancellation shall be submitted to the Company at least 2 business days before the meeting date. If the withdrawal is made after the prescribed period, then the voting decision exercised by the proxy shall prevail.
- Article 4 Shareholders in attendance are obligated to follow the rules of the meeting, accept the resolution, and maintain the order of the meeting.
- Article 5 Unless otherwise specified in these Rules, shareholder meetings shall be convened by the Board of Directors and chaired by the Chairman. If the Chairman is unable to

perform such duties due to leave of absence or any other reason, the Chairman shall appoint one of the directors to act on the Chairman's behalf. If no delegate is appointed by the Chairman, one shall be elected from among the directors to act on the Chairman's behalf. If a shareholders' meeting is convened by someone having the right to convene a meeting, but who is not a member of the Board of Directors, the said person shall chair the meeting. If more than one person has the right to convene the meeting, one shall be elected to chair the meeting.

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

Staff handling administrative affairs of the shareholders' meeting shall wear identification badges or arm-bands.

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

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

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

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

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

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

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

Article 10 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed, or a resolution may be passed in the shareholders' meeting

to reconvene the meeting within five days without requiring service of notice or public announcement in accordance with Article 182 of the Company Act.

- Article 11 When a shareholder (or proxy) present at the meeting wishes to speak, a speech slip 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 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 (or proxy) is speaking; otherwise the chair shall stop the interruption.
- Article 12 Unless permitted by the chair, no shareholder may speak more than twice regarding the same proposal (including extempore motions), and shall not speak for more than five minutes each time.
- If a shareholder violates the rules outlined in the preceding paragraph, goes beyond the scope of proposals in speaking, or affect the order of the meeting, the chair may stop him/her from speaking.
- Article 13 An institutional shareholder may assign only one proxy representative to attend the meeting on its behalf. In the event an institutional shareholder assigns two or more representatives to attend the shareholders' meeting, only one of the representatives may speak on any single agenda item.
- Article 14 After a shareholder present at the meeting speaks, the chair may reply in person or assign relevant personnel to reply.
- Article 15 The chair may announce to discontinue further discussions if the agenda is considered to have been sufficiently discussed to proceed with the voting.
- Article 16 The chair shall appoint personnel to monitor or count the votes. The individuals monitoring the votes, however, shall be the shareholders of the Company. Ballot counting will proceed openly during the meeting. The outcome of the vote must be documented and announced on site.
- Article 17 Unless otherwise specified in the Company Act or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the meeting. The resolution shall be deemed adopted and shall have the same effect as a vote by casting ballots if no objection is voiced after solicitation by the chair.
- Article 18 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, the other proposals shall be treated as rejected and not be voted on separately.

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

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

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

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

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

Article 22 Revision Date

The 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.

The 6th amendment was on March 15, 2016.

The 7th amendment was on March 16, 2022.

HsinKuang Steel Co., Ltd.

Articles of Incorporation

(before Amendment)

Chapter 1 General provisions

- Article 1 The Company is constituted in accordance with the Company Act, and shall be known as "HsinKuang 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 Metal architectural components manufacturing
 - (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
1. .H701020 Industrial Factory Development and Rental.
 2. .H701040 Specific Area Development.
 3. .H703100 Real Estate Rental and Leasing
 4. .IZ06010 Cargoes Packaging
 5. .JE01010 Rental and Leasing Activities
 6. .ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The Company's head office is established at New Taipei City. Where necessary the Company may establish branches at appropriate domestic or overseas locations, subject to resolution by its Board of Directors.
- Article 4 Public announcements of the Company shall be made in accordance with the Company Act and other relevant rules and regulations.

Chapter 2 Shares

- Article 5 The Company's registered capital is NT\$3.6 billion, divided into 360 million shares with a face value of NT\$10 per share. Stock options of 20 million shares are set aside for employee subscription. The Board of Directors is authorized to issue the remainder in multiple installments.
- Before issuing any employee stock options at a strike price which is lower than the

closing price of the Company's common stocks on the date of issuance, the Company should firstly obtain the agreement of at least two-thirds of the voting rights present at the shareholders' meeting attended by shareholders representing a majority of total issued shares.

Transfer of shares to employees at prices below the Company's average purchase price are subject to shareholders' meeting resolution and must be resolved with the presence of shareholders representing more than half of outstanding shares, and voted in favor by more than two-thirds of votes present in the meeting.

Article 6 The Company's stocks shall be registered, and signed or sealed by at least three Directors. The stocks shall be issued after the proper certification procedures in accordance with the law.

Registered share certificates issued by the Company are not required to be printed. The Company, however, should contact the securities depository and custodian institution for registration of the share certificates.

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

Article 8 Unless otherwise specified by law or securities regulations, 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, and change of address shall be handled according to "Regulations Governing the Administration of Shareholder Services of Public Companies".

Chapter 3 Shareholders' 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.

Chapter 4 Director

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

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

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

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

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

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

Article 13-1: (deleted)

Article 13-2: The Company has established an Audit Committee in accordance with regulations in Article 14-4 of the Securities and Exchange Act. The Audit Committee shall consist of all independent directors and its powers and related matters shall be devised by the Board of Directors in accordance with the applicable laws. Following the Company's establishment of the Audit Committee, the duties that are previously exercised by supervisors in accordance with the Securities and Exchange Act, the Company Act, other laws and regulations, and the Articles of Incorporation, except for the power and authority stipulated in Article 14-4, Paragraph 4 of the Securities and Exchange Act, shall henceforth be

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

Article 13-3: 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.

Article 13-4: (deleted)

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

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

Article 15 The board meeting shall be convened at least once every quarter.

The first meeting of the Board of Directors for each term shall be convened in accordance with Article 203 of the Company Act. The Board of Directors meeting shall be convened by the Chairman. Other meetings shall be convened and chaired by the Chairman.

Notices for the Company's Board of Directors meetings shall be distributed to the Directors 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 of the Board and the Directors in accordance with their extent of participation in the Company's operations, their value of contribution to the Company, and the industry's prevailing rates, regardless of profits or losses.

Chapter 5 Manager

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 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; and (3) Proposals on distribution of earnings or on off-set 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 remuneration. 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 profits for the current year, the Board of Directors shall decide to set aside no more than 3% of the said profits as remuneration for Directors. Employee remuneration 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 compensation and remuneration to Directors and Supervisors according to the percentage specified in the preceding paragraph. Employees entitled to the Company's employee treasury stocks, employee stock options, employee's subscription right to new stocks, and employee restricted stocks may include employees of a controlled or affiliated company who meet certain criteria.

Article 20-1: 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.

If the dividends, bonus, legal reserves, and capital surplus said in the preceding paragraph are to be distributed in cash, such a distribution shall be resolved by a majority vote at a Board of Directors meeting attended by more than two thirds of the Directors , and shall be reported at the shareholders' meeting.

When providing a special reserve as required by law, the Company shall, prior to distribution of earnings, set aside a special reserve from the undistributed earnings of the previous year until such special reserve equals the shortfall of provisions for the “Net Increase in Fair Value of Investment Property Accumulated in the Previous Period” and the “Net Deduction of Other Equity Accumulated in the Previous Period” . If there is still a shortfall of provisions, it should be made up by using the undistributed earnings of the current period, which are calculated as the net income for the current period plus other post-tax profit items for the current period.

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.

Article 20-2: 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. The 33rd amendment was on June 15, 2022.

HsinKuang Steel Co., Ltd.

Rules Governing the Election of Directors

- Article 1 The elections of Company's Director shall be performed in accordance with the provisions in the Rules.
- Article 2 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.
- Article 3 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.
- Article 4 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.

- Article 5 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.
- Article 6 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.
- Article 7 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.
- Article 8 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.
- Article 9 The Board of Directors of the Company shall issue notifications to the individuals elected as Independent Directors or non-Independent Directors.
- Article 10 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.

Article 11 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.

Article 12 These Rules, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Article 13 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 4]

Status of Shareholdings of Directors

- (1). Total issued shares of the Company as of April 16, 2023: 321,146,341 common shares.
- (2). According to Article 26 of the Securities and Exchange Act, all Directors as a whole shall retain no less than 12,845,854 shares.
- (3). As of the first day of the book closure period (April 16, 2023) shares retained by directors as indicated on the shareholders' register are as follows:

Sunday, April 16, 2023

Title	Name	Shares currently held as indicated on the shareholders' register	
		Number of shares	Shareholding ratio
Director	Representative of HAN DE INVESTMENT CO., LTD.: Alexander M.T.Su	27,200,276	8.47%
Director	Representative of Trickle Co., Ltd.: Trickle T.C.Chang	14,662,469	4.57%
Director	Ming-Shan Jheng	1,812,999	0.57%
Director	Fisher C.H. Yu	186,242	0.06%
Director	Johnathon Y.J. Su	7,704,930	2.40%
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 book closure date, a total of 51,077,109 shares were retained by all Directors, which meets the requirement of 12,845,854 shares as specified under Article 26 of the Securities and Exchange Act.

Note 2: The Company has established an Audit Committee.

MEMO



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

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

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

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

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