

HSIN KUANG STEEL CO., LTD.

2023 General Shareholders Meeting



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)

Attendance : Total outstanding Hsin Kuang shares : 321,146,341 shares , Total shares represented by shareholders present in person or by proxy : 220,715,879 shares , Percentage of shares held by shareholders present in person or by proxy : 68.73% °

Chairman : Mr.Alexander M.T.Su, the Chairman of the Board of Directors

Recorder : Daisy Y.H. Chen

Directors present : Alexander M.T.Su (Chairman of Han De Investment Co., Ltd.) 、 Ming-shan,Jheng 、 Fisher C.H.Yu 、 Johnathon Y.J.Su 、 Shih-yang,Chen

Independent Directors present : Winston Won 、 Po-Yung Chu 、 Paul T.Y.Huang

Staff present : Deloitte & Touche Sheng-Hsiung Yao, CPA

Tung Wah Law Firm Ke-ming Liao, Lawyer

I. The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

II. Chairman's Address (omitted)

III. Report Items :

Case 1 To report the business of 2022.

Case 2 Audit Committee's review report.

Case 3 To report on the 2022 distribution of remunerations to employees and directors.

Case 4 The distribution of surplus cash dividends in 2022.

IV. Acceptance and Discussions :

Case 1 : Ratification of the 2022 business report and financial statements. (proposed by the Board of Directors)

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.

(Questions raised by the shareholders and the management's responses were omitted)

Voting Results :

Shares represented at the time of voting : 220,715,879

Voting Results*	% of the total represented share present
Votes in favor: : 216,068,882 votes (47,154,106 votes)	97.89%
Votes against : 51,529 votes (51,529 votes)	0.02%
Votes invalid : none	0.00%
Votes abstained : 4,595,468 votes (4,595,468 votes)	2.09%

* including votes casted electronically (numbers in brackets)

RESOLVED, that the 2022 Business Report and Financial Statements be and hereby were accepted as submitted.

Case 2 : Approval of 2022 earnings distribution proposal. (proposed by the Board of Directors)

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.

(Questions raised by the shareholders and the management's responses were omitted)

Voting Results :

Shares represented at the time of voting : 220,715,879

Voting Results*	% of the total represented share present
Votes in favor: : 216,266,862 votes (47,352,086 votes)	97.98%
Votes against : 66,634 votes (66,634 votes)	0.03%
Votes invalid : none	0.00%
Votes abstained : 4,382,383 votes (4,382,383 votes)	1.99%

* including votes casted electronically (numbers in brackets)

RESOL VED, that the above proposal be and hereby was approved as proposed.

Case 3 : Approval of the amendments of the Articles of Incorporation. (proposed by the Board of Directors)

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.

(Questions raised by the shareholders and the management's responses were omitted)

Voting Results :

Shares represented at the time of voting : 220,715,879

Voting Results*	% of the total represented share present
Votes in favor: : 216,291,032 votes (47,376,256 votes)	98.00%
Votes against : 51,694 votes (51,694 votes)	0.02%
Votes invalid : none	0.00%
Votes abstained : 4,373,153 votes (4,373,153 votes)	1.98%

* including votes casted electronically (numbers in brackets)

RESOL VED, that the above proposal be and hereby was approved as proposed.

V. Votes :

Case : Election of 16th-term directors. (proposed by the Board of 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.

(Questions raised by the shareholders and the management's responses were omitted)

Election Results: :

Directors Elected List			Independent Directors Elected List		
Shareholder account No.	Name	Number of votes	ID number (Shareholder account No.)	Name	Number of votes
75058	Representative of Han De Investment Co., Ltd.: Alexander M.T.Su	287,544,446	N1017*****	Winston Won	175,456,429
15	Representative of Trickle Co., Ltd.: Tian-Cheng, Chang	264,754,916	A1042*****	Po-Young, Chu	148,217,252
14	Ming-shan, Jheng	238,946,408	R1008*****	Paul T.Y.Huang	146,658,616
55	Fisher C.H.Yu	222,086,578	12782	Wei-Zong, Liu	146,623,909
18	Johnathon Y.J. Su	207,442,659			
87282	Shih-yang, Chen	177,595,553			

VI. Other Proposals :

Case : Submit the proposal for the waiver of non-competition clauses for newly elected directors of the Company to the shareholders meeting. (proposed by the Board of Directors)

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). The explanation form of competitive conduct for the newly elected directors of the 16th, please refer to Attachment 8 on page 40 of the Proceedings Manual.
- (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.

(Questions raised by the shareholders and the management's responses were omitted)

Voting Results :

Shares represented at the time of voting : 220,715,879

Voting Results*	% of the total represented share present
Votes in favor: : 207,120,516 votes (38,205,740 votes)	93.84%
Votes against : 9,143,225 votes (9,143,225 votes)	4.14%
Votes invalid : none	0.00%
Votes abstained : 4,452,138 votes (4,452,138 votes)	2.02%

* including votes casted electronically (numbers in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

VII. Extempore Motions : There being no other business and special motion, upon a motion duly made and seconded, the meeting was adjourned.

Today, no shareholders asked questions at General Shareholders Meeting.

VIII. Meeting adjourned at 9:50AM

Alexander M.T.Su,
Chairman of the Board of Directors



Daisy Y.H. Chen
Recorder



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.

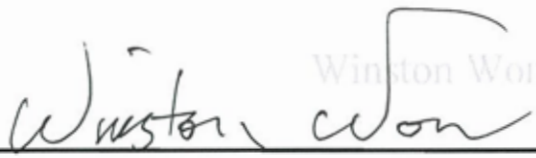
Chairman of the Board Alexander M.T. Su

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)

	2022		2021	
	Amount	%	Amount	%
ASSETS				
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	-	-	-	-	-	-	-	
Special reserve	-	-	-	-	(108,259)	-	-	-	(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	-	(204,414)
Net cash used in investing activities	(512,677)	(1,121,298)
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	(625)	138,726
Net cash (used in)/generated from financing activities	(694,929)	860,796
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	4,122	(361)
		(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	-	-	(462,386)
Cash dividends distributed by the Company	-	-	-	-	-	(462,386)	-	-	(154,129)
Cash dividends from capital surplus	-	-	(154,129)	-	-	-	-	-	-
Changes in capital surplus in investments in associates accounted for using the equity method	-	-	-	-	-	-	-	-	(3,361)
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)	-	-	(1,284,585)
Cash dividends distributed by the Company	-	-	-	-	-	(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.

HsinKuang Steel Co., Ltd.

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

Category	CandidateName	Company Nameand ConcurrentPositions
Director	Representative of HanDe Investment Co., Ltd.: Alexander M.T.Su	Chairman of HanDe Investment Co., Ltd. Chairman of HsinHoFaMetalCo., Ltd. Chairman of APEXWindPower Equipment ManufacturingCo., Ltd. Chairmanof MasonMetalIndustryCo., Ltd. Chairmanof HsinChingInternationalCo., Ltd. ChairmanofHsin Cheng Logistics Development Co., Ltd. Chairman of HuiRongEnterprise Co., Ltd. Directorof Chen Yu Investment Co., Ltd. Director ofCenturyIronandSteelIndustrialCo., Ltd.
Director	Representative of TrickleCo., Ltd.: Tian-Cheng, Chang	Chairman of TrickleCo., Ltd. Chairman of ShinFaSteelMfg.Co.,Ltd. Chairman of Tai Shin Fa Investment Co., Ltd. DirectorofTaiwan SteelTower Co., Ltd. DirectorofAnGangMetalCo., Ltd.
Director	Ming-shan, Jheng	Chairman of HsinHuaSteelIndustryCo., Ltd. Director of APEXWindPower EquipmentManufacturingCo., Ltd. Directorof HsinChingInternationalCo., Ltd. Director of HanDe Investment Co., Ltd. Directorof Yun-Shen Energies Recycling TechCo., Ltd. Directorof Envirolink Corporation Co., Ltd.
Director	FisherC.H.Yu	DirectorofHsinHoFa MetalCo., Ltd. Director of Hui Rong Enterprise Co., Ltd.
Director	JohnathonY.J.Su	Chairmanof Chen Yu Investment Co., Ltd. Directorof MasonMetalIndustryCo., Ltd. Director of Hui Rong Enterprise Co., Ltd. Director of HanDe Investment Co., Ltd.
Director	Shih-yang, Chen	Directorof TrickleCo., Ltd. Independent Directors of Wonderful Hi-TechCo., Ltd.
Independent	Winston Won	Chairman of Ofuna Technology Co., Ltd.