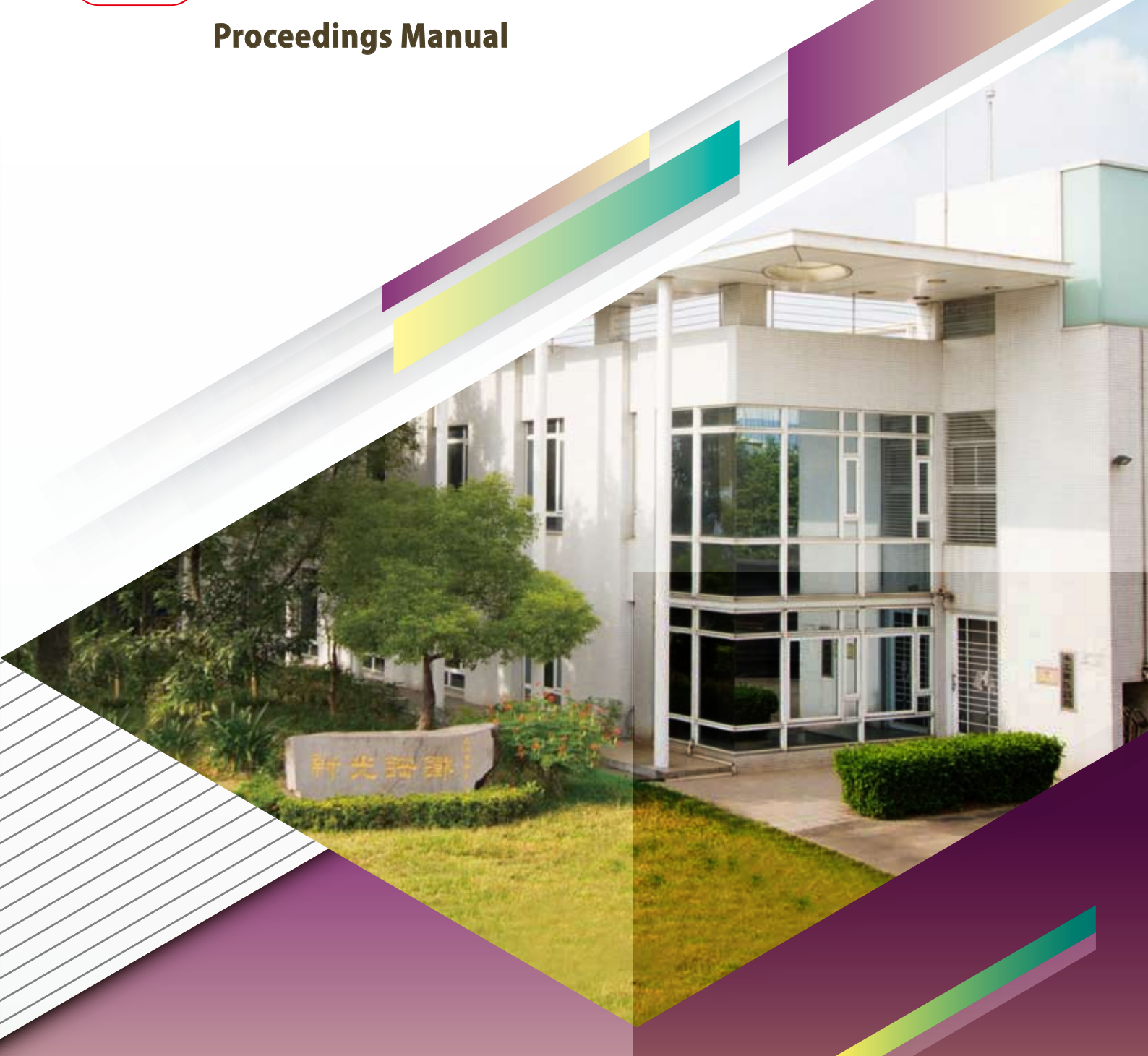


2024 General Shareholders' Meeting



HSIN KUANG STEEL CO., LTD

Proceedings Manual



Date: 9:00 AM, June 14, 2024

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

Hsin Kuang Steel Co., Ltd.

Proceedings Manual for the 2024 General Shareholders’

Meeting

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A.Call Meeting to Order

B. Agenda

Hsin Kuang Steel Co., Ltd.
Proceedings for 2024 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. Extempore Motions
- VIII. Meeting adjourned

Hsin Kuang Steel Co., Ltd.

2024 General Shareholders' Meeting Agenda

Time: 9:00 AM, June 14 (Friday), 2024

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 1:2023 Business Report

Proposal 2:Audit Committee's Report

Proposal 3:Report on the 2023 distribution of remuneration to employees, directors, and supervisors.

Proposal 4:The distribution of surplus cash dividends in 2023.

III. Acceptance and Discussions

Proposal 1:Ratification of the 2023 business report and financial statements.

Proposal 2:Approval of 2023 earnings distribution proposal.

Proposal 3:Approved the revisions to the Endorsement and Guarantee Making Procedure.

IV. Extempore Motions

V. Meeting adjourned

Reports

I. 2023 Business Report

Description: The Company's 2023 Business Report was approved in the 5th meeting of the Company's 16th-term Board of Directors. Please refer to Attachment 1 from page 10 to page 12 of the Proceedings Manual.

II. Audit Committee's Report

Description: Please see Attachment 2 on page 13 for the Audit Committee's Report attached to the Proceedings Manual.

III. Report on the 2023 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 2023 remuneration for employees is NT\$55,254,210 and the remuneration shall be distributed in cash as approved in the 4th meeting of the 16th-term Board of Directors.
- (III) The Company's 2023 remuneration for directors is NT\$55,254,210 and the remuneration shall be distributed in cash as approved in the 4th meeting of the 16th-term Board of Directors.

IV. The distribution of surplus cash dividends in 2023.(Proposed by the Board of Directors)

Description:

- (I) On March 12, 2024, the company passed the resolution of the board of directors to distribute shareholder dividends of NT\$963,439,023 in cash, with a cash dividend of NT\$3 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 4, 2024, 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 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 2023 business report and financial statements.

Description:

- (I) The Company's 2023 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 5th meeting of the Company's 16th-term Board of Directors.
- (II) Please refer to and ratify the Company's 2023 Business Report, Independent Auditor's Report, and the aforementioned financial statements in Attachment 1 from page 10 to page 12 and Attachment 3 and 4 from page 14 to 33 of the Proceedings Manual.

Resolution:

Proposal 2 Proposed by the Board of Directors

Case: Approval of 2023 earnings distribution proposal.

Description:

- (I) The earnings distribution proposal is for the distribution of distributable earnings of 2023 in cash dividend of NT\$3 per ordinary share. 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.
- (II) The distribution of cash dividends will be handled by the board of directors in accordance with the company's articles of association and will be reported at the shareholders' meeting.
- (III) Please refer to and ratify the Company's 2023 Earnings Distribution Statement in Attachment 5 on page 34 of the Proceedings Manual.

Resolution:

Proposal 3 Proposed by the Board of Directors

Case: Approved the revisions to the Endorsement and Guarantee Making Procedure.

Description:

- (I) In order to strengthen corporate governance, it is added that based on the investment relationship, the company shall assign all investing shareholders of the invested company (or part of the investing shareholders of the invested company, if any investing shareholder of the invested company is unable to provide endorsement guarantee due to legal restrictions) according to their shareholding ratio. Endorsement guarantees for investee companies or provision of endorsement guarantees for investee companies are not restricted by the first two paragraphs of Article 4 and may be endorsement guarantees, in accordance with Article 4 of the Amended Endorsement Guarantee Operating Procedures of the Company.
- (II) Please refer to and ratify the Table of Comparison of Revised Articles of the Company's "Articles of Incorporation" in Attachment 6 from page 35 to page 36 of the Proceedings Manual.

Resolution:

Extempore Motions

Meeting adjourned

C.Attachments

Hsin Kuang Steel Co., Ltd.

Business Report

Dear Shareholders,

International steel prices fluctuated extremely violently in 2023 due to unfavorable factors, such as the Russo-Ukrainian War, high inflation, raising interest rates, weak domestic demand in China, frequent defaults by real estate developers, and unclear economic conditions. Meanwhile, central banks of various countries continued to adopt a monetary tightening policy to lower inflation, which constrained end-consumer demand, resulting in weak global economic and trade momentum. However, private consumption has surged and domestic demand will be the main pillar supporting economic growth. This is why Taiwan's stock market has performed very well, and profits this year were better than the previous year. Domestic semiconductor manufacturers continue to expand advanced manufacturing processes, and the three major programs for investing in Taiwan and the construction of green energy facilities are gradually being carried out. However, the global outlook remains highly uncertain, and fixed investment significantly slowed down by 4.22%, resulting in revenue performance decreasing 6% compared with previous year to NT\$16.07 billion.

Financial Performance

The Company's consolidated revenue in 2023 was NT\$16.07 billion, down 6% or NT\$1.08 billion compared to the NT\$17.16 billion in the previous year. The net operating profit was NT\$860 million, up 12% or NT\$100 million compared to the NT\$760 million in the previous year. EPS was NT\$5.15, an increase of NT\$3.92 compared to the NT\$1.23 in the previous year, growing by 319%. The profit performance was driven by the continued expansion of advanced manufacturing processes by domestic semiconductor manufacturers, and domestic demand from the three major programs for investing in Taiwan and the construction of green energy facilities supporting economic growth. This contributed to the performance of Taiwan's stock market, which was better than the previous year.

In terms of products sales, the Company's operating goal in 2023 was the sale of 580,000 metric tons of steel products. The total sales of the year reached 470,000 metric tons, an achievement rate of 81%.

With regard to income and expenses, cash inflow from operating activities amounted to NT\$349,870,000 in 2023, which was mainly from the increase in income from contracts. Cash outflow from investment activities amounted to NT\$649.07 million, mainly due to the purchase of properties, investment in plants and equipment, and acquisition of affiliated enterprises. Cash outflow from financing activities amounted to NT\$154,130,000, mainly due to the distribution of cash dividends to shareholders and adjustments to long-term and short-term loans necessary for operations. The ending cash and cash equivalents of the period was approximately NT\$953.58 million.

Annual Corporate Development

The 2024 business strategies include the following:

1. Review the inventory structure and adjust product combinations. Advocate flexible adaptation to the growth and decline of various steel industries. Seeking reasonable profits.
2. Focus on the demand for construction of wind power and photovoltaic renewable energy facilities, and form a strategic alliance with upstream and downstream manufacturers to provide total solutions.
3. In response to domestic "water resources," "bridge construction," and demand from domestic semiconductor manufacturers continuing to expand advanced processes, we will form strategic alliances with upstream and downstream manufacturers to provide technology manufacturing solutions and serve users.
4. Implement the new generation ERP system for commercial use to generate synergies from management.
5. Use innovative business models and differentiated operations, offer new high-end steel products and comprehensive value chain solutions through the Group's network and strategic alliance with upstream and downstream manufacturers, creating a new blue ocean.

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

1. Strengthen employees' professional skills and occupational safety training, introduce professional talents, and cultivate young cadre members.
2. Strengthen purchase order-taking performance, communicate clearly and accurately on work items, focus on quality and delivery time control, and more actively communicate and provide services to clients to establish long-term cooperative relationships and increase opportunities to be award projects.
3. Introduce automated production equipment and testing instruments using new technologies, in order to improve production capacity and product structural strength and increase production competitiveness.
4. Implement various certification specifications, improve production processes, and increase production efficiency.

The total annual sales goal of 2024 is set at 500,000 metric tons of steel. On the demand side, the international steel market will benefit from the easing of inflation. Central banks of various countries may implement looser monetary policies in 2024, and countries around the world will continue to invest in innovative and sustainable infrastructure in response to extreme weather events. These two parts will support global steel demand. According to the forecast of the World Steel Association (WSA), steel demand in the Eurozone will resume growth by 5.8% in 2024, and steel demand in the United States will show positive growth of 1.6%; Steel demand has shrunk significantly in China due to the risk of bankruptcy faced by real estate developers, and is expected to grow by 1.9% in 2024. We will fully fight for business opportunities. With the combination of our management capabilities and processing technology, we are confident that we will reach our operating goal of 500,000 tons this year.

ESG sustainable development

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, the Company has reduced CO2 emissions by nearly 38,951 metric tons, which is equivalent to roughly 100 times the amount of CO2 that can be absorbed by Da'an Forest Park.

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 2023, the Company received the Gold Award, Manufacturing Industry, Taiwan Corporate Sustainability Awards (TCSA) from the Taiwan Institute for Sustainable Energy for its achievements in corporate governance, sustainable development, and information disclosure, and has received awards for five consecutive years. We will continue to dedicate our efforts to achieving even better performance.

Future Outlook

We will still uphold a rigorous and positive spirit and attitude, implement the Company's business strategies and plans, and strengthen decision-making quality and response ability. We hope that this year, with the manufacturing industry in major economies gradually resuming expansion and the rigid domestic demand from Taiwan's Forward-looking Infrastructure Development Program, which expanded its economic development budget to nearly NT\$600 billion, we will definitely be able to reach new heights and welcome a year of fruitful results.

Chairman Alexander M.T. Su

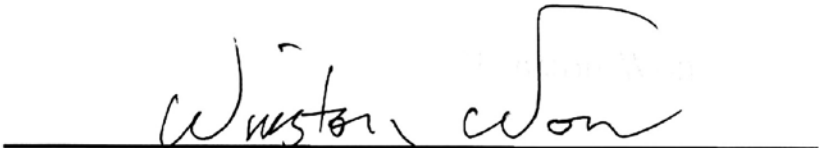
General Manager Ming-Shan Jheng

Audit Committee's Report

The Board of Directors has prepared and submitted the 2023 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.

Hsin Kuang Steel Co., Ltd.

Audit Committee Convener

A handwritten signature in black ink, appearing to read "Winston Chen", is written over a horizontal line. The signature is cursive and stylized.

March 12, 2024

Independent Auditor's Report and the 2023 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, 2023 and 2022, 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 material accounting policy information (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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 is described as follows:

Revenue Recognition

The Group mainly engages in the sale, cutting, slitting, steel structure processing, logistics of various steel products and constructing services. The sales revenue of steel products accounts for over 90% of the annual operating revenue. The Group's operating revenue for the year ended December 31, 2023 decreased by 6% in comparison with the previous year. For certain customers whose sales amount is material and with significant growth in comparison with the previous year, 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 of 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, 2023 and 2022, 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, 2023 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 12, 2024

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023		2022	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 953,579	3	\$ 1,098,666	5
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	2,987,779	11	1,760,930	7
Financial assets at amortized cost - current (Notes 4, 9 and 31)	151,500	-	22,524	-
Contract assets - current (Note 23)	240,360	1	27,769	-
Notes receivable from unrelated parties (Notes 4, 10 and 31)	2,168,059	8	1,740,817	7
Trade receivables from unrelated parties (Notes 4 and 10)	3,244,113	11	2,997,367	12
Prepayments	163,210	1	140,452	1
Inventories (Notes 4, 5 and 11)	6,157,480	22	5,343,525	22
Other current assets (Notes 17 and 25)	13,988	-	29,605	-
Total current assets	16,080,068	57	13,161,655	54
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	297,484	1	272,687	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,778,841	10	2,498,747	10
Investments accounted for using the equity method (Notes 4, 13 and 31)	938,005	3	519,840	2
Property, plant and equipment (Notes 4, 14 and 31)	4,052,985	14	3,860,784	16
Right-of-use assets (Note 4)	1,487	-	3,399	-
Investment properties (Notes 4, 15 and 31)	3,680,535	13	3,658,733	15
Intangible assets (Notes 4 and 16)	41,756	-	5,030	-
Deferred tax assets (Notes 4 and 25)	97,968	-	61,605	-
Other non-current assets (Notes 10 and 17)	384,201	2	396,771	2
Total non-current assets	12,273,262	43	11,277,596	46
TOTAL	\$ 28,353,330	100	\$ 24,439,251	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 18)	\$ 6,679,741	23	\$ 7,205,994	30
Short-term bills payable (Notes 4 and 18)	798,599	3	549,146	2
Contract liabilities - current (Note 23)	1,416,282	5	311,344	1
Notes payable to unrelated parties (Notes 4 and 19)	288,156	1	392,838	2
Trade payables to unrelated parties (Notes 4 and 19)	238,449	1	250,565	1
Other payables (Note 20)	413,316	1	326,909	1
Current tax liabilities (Notes 4 and 25)	171,819	1	198,010	1
Current portion of long-term liabilities (Notes 4 and 18)	232,814	1	496,814	2
Other current liabilities	11,774	-	11,801	-
Total current liabilities	10,250,950	36	9,743,421	40
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4 and 18)	5,847,573	21	2,004,042	8
Long-term bills payable (Notes 4 and 18)	-	-	2,399,515	10
Provisions - non-current (Note 4)	2,702	-	2,262	-
Deferred tax liabilities (Notes 4 and 25)	117,961	-	144,420	1
Net defined benefit liabilities - non-current (Notes 4 and 21)	33,626	-	33,160	-
Other non-current liabilities	37,165	-	37,071	-
Total non-current liabilities	6,039,027	21	4,620,470	19
Total liabilities	16,289,977	57	14,363,891	59
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 22)				
Share capital	3,211,463	11	3,211,463	13
Capital surplus	943,445	4	943,451	4
Retained earnings				
Legal reserve	1,275,497	4	1,229,590	5
Unappropriated earnings	4,741,810	17	3,303,800	13
Total retained earnings	6,017,307	21	4,533,390	18
Other equity	1,166,350	4	674,418	3
Total equity attributable to owners of the Company	11,338,565	40	9,362,722	38
NON-CONTROLLING INTERESTS	724,788	3	712,638	3
Total equity	12,063,353	43	10,075,360	41
TOTAL	\$ 28,353,330	100	\$ 24,439,251	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, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 23)				
Sales	\$ 14,853,856	92	\$ 16,447,500	96
Other operating revenue	<u>1,221,033</u>	<u>8</u>	<u>708,032</u>	<u>4</u>
Total operating revenue	<u>16,074,889</u>	<u>100</u>	<u>17,155,532</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold (Notes 4, 11 and 24)	(13,978,724)	(87)	(15,596,989)	(91)
Other operating costs	<u>(650,414)</u>	<u>(4)</u>	<u>(369,639)</u>	<u>(2)</u>
Total operating costs	<u>(14,629,138)</u>	<u>(91)</u>	<u>(15,966,628)</u>	<u>(93)</u>
GROSS PROFIT	1,445,751	9	1,188,904	7
OPERATING EXPENSES				
Selling and marketing expenses (Note 24)	(318,122)	(2)	(294,727)	(1)
General and administrative expenses (Notes 24 and 30)	(236,035)	(1)	(132,338)	(1)
Expected credit (loss)/gain (Note 10)	<u>(33,305)</u>	<u>-</u>	<u>2,940</u>	<u>-</u>
Total operating expenses	<u>(587,462)</u>	<u>(3)</u>	<u>(424,125)</u>	<u>(2)</u>
PROFIT FROM OPERATIONS	<u>858,289</u>	<u>6</u>	<u>764,779</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 24)				
Interest income	4,022	-	1,746	-
Other income	115,722	1	248,118	1
Other gains and losses	1,258,678	8	(125,019)	(1)
Finance costs	(383,287)	(3)	(220,086)	(1)
Share of profit or loss of associates and joint ventures accounted for using the equity method	<u>4,109</u>	<u>-</u>	<u>(9,738)</u>	<u>-</u>
Total non-operating income and expenses	<u>999,244</u>	<u>6</u>	<u>(104,979)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	1,857,533	12	659,800	4
INCOME TAX EXPENSE (Note 25)	<u>(125,953)</u>	<u>(1)</u>	<u>(242,232)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>1,731,580</u>	<u>11</u>	<u>417,568</u>	<u>2</u>

(Continued)

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (841)	-	\$ 1,030	-
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	696,855	4	(713,606)	(4)
Share of other comprehensive income/(loss) of associates and joint ventures accounted for using the equity method	<u>(52,257)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>643,757</u>	<u>4</u>	<u>(712,576)</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>(29)</u>	<u>-</u>	<u>10,575</u>	<u>-</u>
Other comprehensive income/(loss) for the year, net of income tax	<u>643,728</u>	<u>4</u>	<u>(702,001)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>\$ 2,375,308</u>	<u>15</u>	<u>\$ (284,433)</u>	<u>(2)</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,654,842	10	\$ 393,563	2
Non-controlling interests	<u>76,738</u>	<u>1</u>	<u>24,005</u>	<u>-</u>
	<u>\$ 1,731,580</u>	<u>11</u>	<u>\$ 417,568</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,299,000	14	\$ (308,464)	(2)
Non-controlling interests	<u>76,308</u>	<u>1</u>	<u>24,031</u>	<u>-</u>
	<u>\$ 2,375,308</u>	<u>15</u>	<u>\$ (284,433)</u>	<u>(2)</u>
EARNINGS PER SHARE (Note 26)				
From continuing operations				
Basic	<u>\$ 5.15</u>		<u>\$ 1.23</u>	
Diluted	<u>\$ 5.14</u>		<u>\$ 1.22</u>	

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

(Concluded)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,857,533	\$ 659,800
Adjustments for:		
Depreciation expense	231,430	188,921
Amortization expense	11,526	8,497
Expected credit loss recognized/(reversed) on trade receivables	33,305	(2,940)
Net (gain)/loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(1,014,572)	239,787
Finance costs	383,287	220,086
Interest income	(4,022)	(1,746)
Dividend income	(93,594)	(213,975)
Loss/(gain) on disposal of property, plant and equipment	5,257	(103)
Gain on disposal of investment properties	(52)	(6,007)
Share of (profit)/loss of associates and joint ventures	(4,109)	9,738
(Reversal of) write-downs of inventories	(16,829)	111,144
Net (gain)/loss on foreign currency exchange	(31,259)	9,948
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(237,073)	121,178
Contract assets	(212,591)	(11,917)
Notes receivable	(444,919)	338,826
Trade receivables	(259,288)	(671,009)
Other receivables	20,828	9,722
Inventories	(797,126)	1,112,145
Prepayments	(39,669)	25,558
Other current assets	(187)	5,378
Notes payable	(104,682)	(212,267)
Trade payables	(12,117)	72,398
Other payables	99,633	(269,084)
Provisions	440	2,262
Contract liabilities	1,104,938	(108,123)
Other current liabilities	(1,535)	3,354
Net defined benefit liabilities	(2,859)	(3,569)
Cash generated from operations	471,694	1,638,002
Interest received	4,022	1,746
Dividends received	93,594	213,975
Income tax paid	(219,445)	(515,945)
Net cash generated from operating activities	349,865	1,337,778
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	364,490	114,798

(Continued)

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Purchase of financial assets at fair value through profit or loss	\$ -	\$ (24,830)
Purchase of financial assets at amortized cost	(128,976)	-
Proceeds from sale of financial assets at amortized cost	-	58,674
Acquisition of associate	(420,000)	(229,800)
Payments for property, plant and equipment	(257,761)	(242,516)
Proceeds from disposal of property, plant and equipment	7,905	764
Payments for right-of-use assets	-	(623)
Payments for investment properties	(995)	(1,723)
Proceeds from disposal of investment properties	148	38,195
Payments for intangible assets	(36,058)	-
Increase in other non-current assets	(1,602)	(18,432)
Increase in prepayments for equipment	(177,429)	(112,219)
Dividends received from investees	5,944	7,016
Increase in refundable deposits	(4,734)	(3,246)
Net cash used in investing activities	(649,068)	(512,677)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	23,576,437	17,005,856
Decrease in short-term borrowings	(24,072,111)	(16,275,352)
Increase in short-term bills payable	250,000	250,000
Proceeds from long-term borrowings	5,568,650	300,000
Repayments of long-term borrowings	(1,994,631)	(478,709)
Decrease in long-term bills payable	(2,400,000)	-
Increase in guarantee deposits received	1,603	4,697
Interest paid	(390,320)	(187,914)
Dividends paid to owners of the Company	(321,147)	(1,284,585)
Dividends paid to non-controlling interests	(67,947)	(28,297)
Change in non-controlling interests	3,600	(625)
Net cash generated from/(used in) financing activities	154,134	(694,929)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(18)	4,122
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(145,087)	134,294
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,098,666	964,372
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 953,579	\$ 1,098,666

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

(Concluded)

Independent Auditor's Report and the 2023 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, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 is described as follows:

Revenue Recognition

The Company mainly engages in the sale, cutting, slitting, steel structure processing, logistics of various steel products and constructing services. The sales revenue of steel products accounts for over 90% of the annual operating revenue. The Company's operating revenue for the year ended December 31, 2023 decreased by 6% in comparison with the previous year. For certain customers whose sales amount is material and with significant growth in comparison with the previous year, as the sales amount from such customers is significant to the parent company only 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 of 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, 2023 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 12, 2024

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, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 483,629	2	\$ 754,398	3
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,961,078	8	1,091,015	5
Financial assets at amortized cost - current (Notes 4, 9 and 30)	22,509	-	16,811	-
Contract assets - current (Note 22)	84,659	1	-	-
Notes receivable from unrelated parties (Notes 4, 10 and 30)	2,046,784	8	1,581,510	7
Notes receivable from related parties (Notes 4, 10, 29 and 30)	-	-	28,532	-
Trade receivables from unrelated parties (Notes 4 and 10)	2,563,550	10	2,500,440	11
Trade receivables from related parties (Notes 4, 10 and 29)	268,053	1	142,924	1
Inventories (Notes 4, 5 and 11)	4,515,099	18	4,449,990	20
Prepayments	40,743	-	75,292	-
Other current assets (Note 16)	3,227	-	17,106	-
Total current assets	11,989,331	48	10,658,018	47
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	297,484	1	272,687	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,738,983	11	2,406,617	11
Investments accounted for using the equity method (Notes 4, 12 and 30)	3,762,491	15	3,300,104	14
Property, plant and equipment (Notes 4, 13, 29 and 30)	2,416,682	10	2,270,255	10
Investment properties (Notes 4, 14 and 30)	3,659,077	14	3,627,614	16
Other intangible assets (Notes 4 and 15)	39,602	-	2,499	-
Deferred tax assets (Notes 4 and 24)	78,244	-	36,533	-
Other non-current assets (Notes 10 and 16)	214,386	1	219,146	1
Total non-current assets	13,206,949	52	12,135,455	53
TOTAL	\$ 25,196,280	100	\$ 22,793,473	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 17)	\$ 6,271,907	25	\$ 6,932,944	30
Short-term bills payable (Notes 4 and 17)	648,760	3	549,146	2
Contract liabilities - current (Note 22)	185,378	1	275,031	1
Notes payable to unrelated parties (Notes 4 and 18)	133,898	-	212,821	1
Notes payable to related parties (Notes 4, 18 and 29)	17,816	-	11,373	-
Trade payables to unrelated parties (Notes 4 and 18)	75,473	-	100,685	1
Trade payables to related parties (Notes 4, 18 and 29)	3,695	-	3,695	-
Other payables (Notes 4, 19 and 29)	304,684	1	261,158	1
Current tax liabilities (Notes 4 and 24)	145,633	1	162,130	1
Current portion of long-term liabilities (Notes 4 and 17)	10,526	-	410,526	2
Other current liabilities	22,957	-	21,434	-
Total current liabilities	7,820,727	31	8,940,943	39
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4 and 17)	5,465,186	22	1,470,202	6
Long-term bills payable (Notes 4 and 17)	-	-	2,399,515	11
Deferred tax liabilities (Notes 4 and 24)	9,254	-	35,691	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	20,127	-	23,081	-
Other non-current liabilities (Note 29)	542,421	2	561,319	3
Total non-current liabilities	6,036,988	24	4,489,808	20
Total liabilities	13,857,715	55	13,430,751	59
EQUITY (Notes 4 and 21)				
Share capital	3,211,463	13	3,211,463	14
Capital surplus	943,445	4	943,451	4
Retained earnings				
Legal reserve	1,275,497	5	1,229,590	5
Unappropriated earnings	4,741,810	19	3,303,800	15
Total retained earnings	6,017,307	24	4,533,390	20
Other equity	1,166,350	4	674,418	3
Total equity	11,338,565	45	9,362,722	41
TOTAL	\$ 25,196,280	100	\$ 22,793,473	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, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 29)				
Sales	\$ 12,852,719	95	\$ 14,086,221	98
Other operating revenue	<u>734,108</u>	<u>5</u>	<u>311,194</u>	<u>2</u>
Total operating revenue	<u>13,586,827</u>	<u>100</u>	<u>14,397,415</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold (Notes 11, 23 and 29)	(11,924,991)	(88)	(13,545,320)	(94)
Other operating costs (Note 29)	<u>(387,504)</u>	<u>(3)</u>	<u>(83,745)</u>	<u>(1)</u>
Total operating costs	<u>(12,312,495)</u>	<u>(91)</u>	<u>(13,629,065)</u>	<u>(95)</u>
GROSS PROFIT	<u>1,274,332</u>	<u>9</u>	<u>768,350</u>	<u>5</u>
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	(281,321)	(2)	(11,600)	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	<u>54,467</u>	<u>1</u>	<u>79,650</u>	<u>1</u>
REALIZED GROSS PROFIT	<u>1,047,478</u>	<u>8</u>	<u>836,400</u>	<u>6</u>
OPERATING EXPENSES				
Selling and marketing expenses (Note 23)	(241,019)	(2)	(217,971)	(1)
General and administrative expenses (Notes 23 and 29)	(172,407)	(1)	(112,712)	(1)
Expected credit (loss)/gain (Note 10)	<u>(32,462)</u>	<u>-</u>	<u>3,149</u>	<u>-</u>
Total operating expenses	<u>(445,888)</u>	<u>(3)</u>	<u>(327,534)</u>	<u>(2)</u>
PROFIT FROM OPERATIONS	<u>601,590</u>	<u>5</u>	<u>508,866</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 29)				
Interest income	1,740	-	1,366	-
Other income	93,316	1	228,641	2
Other gains and losses	914,996	7	36,881	-
Finance costs	(346,419)	(3)	(204,974)	(2)
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	<u>466,076</u>	<u>3</u>	<u>5,389</u>	<u>-</u>
Total non-operating income and expenses	<u>1,129,709</u>	<u>8</u>	<u>67,303</u>	<u>-</u>

(Continued)

HSIN KUANG STEEL COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 1,731,299	13	\$ 576,169	4
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(76,457)</u>	<u>(1)</u>	<u>(182,606)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>1,654,842</u>	<u>12</u>	<u>393,563</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME/(LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(414)	-	1,030	-
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	696,855	5	(713,606)	(5)
Share of other comprehensive income/(loss) of associates and joint ventures accounted for using the equity method	<u>(52,257)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>644,184</u>	<u>5</u>	<u>(712,576)</u>	<u>(5)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(26)</u>	<u>-</u>	<u>10,549</u>	<u>-</u>
Other comprehensive income/(loss) for the year, net of income tax	<u>644,158</u>	<u>5</u>	<u>(702,027)</u>	<u>(5)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>\$ 2,299,000</u>	<u>17</u>	<u>\$ (308,464)</u>	<u>(2)</u>
EARNINGS PER SHARE (Note 25)				
From continuing operations				
Basic	<u>\$ 5.15</u>		<u>\$ 1.23</u>	
Diluted	<u>\$ 5.14</u>		<u>\$ 1.22</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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus		Retained Earnings		Other Equity			
	Number of Shares (In Thousands)	Amount			Legal 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 Equity	
BALANCE AT JANUARY 1, 2022	321,146	\$ 3,211,463	\$ 943,451	\$ 951,798	\$ 4,407,114	\$ 1,386,055			\$ 10,891,301	
Appropriation of 2021 earnings	-	-	-	277,792	(277,792)	-	-	-	-	
Legal reserve	-	-	-	-	(1,284,585)	-	-	-	(1,284,585)	
Cash dividends distributed by the Company	-	-	-	-	4,573	-	-	-	4,573	
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	59,897	-	-	-	59,897	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	393,563	-	-	-	393,563	
Net profit for the year ended December 31, 2022	-	-	-	-	1,030	-	10,549	(713,606)	(702,027)	
Other comprehensive income/(loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	394,593	-	10,549	(713,606)	(308,464)	
Total comprehensive income/(loss) for the year ended December 31, 2022	-	-	-	-	1,229,590	3,303,800	1,969	672,449	9,362,722	
BALANCE AT DECEMBER 31, 2022	321,146	3,211,463	943,451	1,229,590	45,907	(45,907)	-	-	-	
Appropriation of 2022 earnings	-	-	-	45,907	(45,907)	(321,147)	-	-	(321,147)	
Legal reserve	-	-	-	-	-	(2,004)	-	-	(2,010)	
Cash dividends distributed by the Company	-	-	-	-	-	152,640	-	(152,640)	-	
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	1,654,842	-	-	1,654,842	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(414)	(26)	644,598	644,158	
Net profit for the year ended December 31, 2023	-	-	-	-	-	1,654,428	-	-	1,654,428	
Other comprehensive income/(loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	1,654,428	(26)	644,598	2,299,000	
Total comprehensive income/(loss) for the year ended December 31, 2023	-	-	-	-	1,275,497	4,741,810	1,943	1,164,407	11,338,565	
BALANCE AT DECEMBER 31, 2023	321,146	\$ 3,211,463	\$ 943,445	\$ 1,275,497	\$ 4,741,810	\$ 1,164,407				

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,731,299	\$ 576,169
Adjustments for:		
Depreciation expense	124,645	125,968
Amortization expense	7,148	6,508
Expected credit loss recognized/(reversed) on trade receivables	32,462	(3,149)
Net (gain)/loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(665,326)	83,224
Finance costs	346,419	204,974
Interest income	(1,740)	(1,366)
Dividend income	(79,394)	(201,095)
Loss/(gain) on disposal of property, plant and equipment	5,036	(109)
Gain on disposal of investment property	(52)	(6,007)
Share of profit of subsidiaries, associates and joint ventures	(466,076)	(5,389)
(Reversal of) write-downs of inventories	(15,225)	113,502
Unrealized gain on transactions with associates	281,321	11,600
Realized gain on transactions with associates	(54,467)	(79,650)
Unrealized net (gain)/loss on foreign currency exchange	(31,163)	9,967
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(229,532)	181,073
Contract assets	(84,659)	-
Notes receivable	(454,418)	265,992
Trade receivables	(200,053)	(609,915)
Other receivables	13,983	35,031
Inventories	(49,884)	1,070,444
Prepayments	34,549	8,213
Other current assets	(229)	(511)
Notes payable	(72,481)	(136,436)
Trade payables	(25,212)	10,722
Other payables	57,111	(231,778)
Contract liabilities	(89,653)	(31,867)
Advance lease payments received	(15,815)	(16,631)
Net defined benefit liabilities	(3,472)	(2,209)
Other current liabilities	(2,818)	(1,802)
Cash generated from operations	92,304	1,375,473
Interest received	1,740	1,366
Dividends received	79,393	201,095
Income tax paid	(160,992)	(462,570)
Net cash generated from operating activities	12,445	1,115,364

(Continued)

HSIN KUANG STEEL COMPANY LIMITED

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
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	364,490	114,798
Purchase of financial assets at fair value through profit or loss	-	(24,830)
Purchase of financial assets at amortized cost	(5,698)	-
Proceeds from sale of financial assets at amortized cost	-	60,263
Acquisition of associates	(414,165)	(229,800)
Payments for property, plant and equipment	(255,376)	(227,187)
Proceeds from disposal of property, plant and equipment	7,905	546
Payments for investment properties	(472)	(1,723)
Proceeds from disposal of investment properties	148	38,195
Payments for intangible assets	(34,536)	-
Increase in other non-current assets	(295)	(14,069)
Increase in prepayments for equipment	(62,517)	(30,909)
Dividends received from investees	136,702	89,789
Increase in refundable deposits	(4,894)	(3,217)
Net cash used in investing activities	(268,708)	(326,880)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	21,531,056	16,234,082
Decrease in short-term borrowings	(22,161,494)	(15,469,498)
Increase in short-term bills payable	100,000	250,000
Proceeds from long-term borrowings	5,400,000	-
Repayments of long-term borrowings	(1,810,526)	(210,526)
Decrease in long-term bills payable	(2,400,000)	-
Increase/(decrease) in guarantee deposits received	1,255	(405)
Interest paid	(353,650)	(172,954)
Dividends paid	(321,147)	(1,284,585)
Net cash used in financing activities	(14,506)	(653,886)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(270,769)	134,598
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	754,398	619,800
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 483,629	\$ 754,398

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

(Concluded)

[Attachment 5]

Hsin Kuang Steel Co., Ltd.
2023 Earnings Distribution Statement

Unit: NT\$

Item	Amount	
	Subtotal	Total
Undistributed earnings retained in the previous year		2,936,746,055
Minus: Actuarial gains and losses on defined benefit plan(2023)	414,027	
Minus: Changes in equity of ownership of subsidiaries	2,003,348	
Plus: Disposal of equity instruments at fair value through other comprehensive income	152,639,526	
Plus: Net profit after tax of the current year	1,654,841,827	1,805,063,978
Distributable earnings of the current year		4,741,810,033
Provisions and Distributions		
Statutory reserve(10%)	(180,506,398)	
Shareholder cash dividends – NT\$3 per share	(963,439,023)	(1,143,945,421)
Undistributed earnings retained in this year		3,597,864,612

- (1). The Company shall distribute shareholder cash dividends totaling NT\$963,439,023 this year, representing cash dividends of NT\$3 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 2023 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.

Hsin Kuang Steel Co., Ltd.

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

The 10th amendment was on November 17, 2023

Article	Revised content (underlined>	Original content	Reason for revision
Article 4	<p>Our company may endorse the following companies :</p> <ol style="list-style-type: none"> 1. A subsidiary company in which the company directly or indirectly holds more than 50% of the voting shares and the company has substantial operational and management control. 2. A parent company that directly or indirectly holds more than 50% of the company's voting shares. Companies where the company directly or indirectly holds more than 90% of the voting shares may provide endorsement guarantees, and the amount shall not exceed 10% of the company's net worth. However, this does not apply to inter-company endorsements and guarantees where the company directly or indirectly holds 100% of the voting shares. 3. The Company shall provide mutual guarantees between peers or joint builders in accordance with the provisions of the contract based on the need to contract projects, or based on the investment relationship, all investing shareholders of the invested company (or part of the investing shareholders of the invested company). If any investing shareholder of the invested company is subject to When the endorsement guarantee cannot be provided due to legal restrictions) the endorsement guarantee to the investee company or the provision of endorsement guarantee for the investee company based on its shareholding ratio is not subject to the restrictions of the previous two paragraphs and may be an endorsement guarantee. <p>The subsidiaries and parent companies mentioned in the preceding paragraph shall be identified in accordance with the provisions of the financial reporting standards for securities issuers.</p> <p>The so-called "substantial operation and management control" shall mean that the chairman, general manager and financial director of the controlled company are appointed by the company.</p> <p>The term "project contracting" referred to in the preceding paragraph means that the company undertakes more than 50% of the main project contracts and has dominant control over all matters related to the projects it undertakes.</p> <p>The so-called capital contribution in the preceding paragraph, as far as the company is concerned, refers to the capital contribution made directly by the company or through a company holding 100% of the voting shares.</p>	<p>Our company may endorse the following companies :</p> <ol style="list-style-type: none"> 1. A subsidiary company in which the company directly or indirectly holds more than 50% of the voting shares and the company has substantial operational and management control. 2. A parent company that directly or indirectly holds more than 50% of the company's voting shares. Companies where the company directly or indirectly holds more than 90% of the voting shares may provide endorsement guarantees, and the amount shall not exceed 10% of the company's net worth. However, this does not apply to inter-company endorsements and guarantees where the company directly or indirectly holds 100% of the voting shares. 3. The Company may provide mutual guarantees between peers or joint builders in accordance with the provisions of the contract based on the need for contracting projects, or due to a joint investment relationship where all investing shareholders endorse and guarantee the invested company in accordance with their shareholding ratios, and are not subject to the restrictions of the preceding two paragraphs. Guaranteed by endorsement. <p>The subsidiaries and parent companies mentioned in the preceding paragraph shall be identified in accordance with the provisions of the financial reporting standards for securities issuers.</p> <p>The so-called "substantial operation and management control" shall mean that the chairman, general manager and financial director of the controlled company are appointed by the company.</p> <p>The term "project contracting" referred to in the preceding paragraph means that the company undertakes more than 50% of the main project contracts and has dominant control over all matters related to the projects it undertakes.</p> <p>The so-called capital contribution in the preceding paragraph, as far as the company is concerned, refers to the capital contribution made directly by the company or through a company holding 100% of the voting shares.</p>	To meet operational needs

Article	Revised content (underlined)	Original content	Reason for revision
Article 19	The 1st revision was on May 26, 1994 The 2nd revision was on February 18, 2003. The 3rd revision was on March 21, 2006. The 4th revision was on August 1, 2008. The 5th revision was on March 1, 2009. The 6th revision was on March 12, 2013. The 7th revision was on March 19, 2019. The 8th revision was on December 22, 2020. The 9th revision was on March 16, 2022. <u>The 10th revision was on November 7, 2023.</u>	The 1st revision was on May 26, 1994 The 2nd revision was on February 18, 2003. The 3rd revision was on March 21, 2006. The 4th revision was on August 1, 2008. The 5th revision was on March 1, 2009. The 6th revision was on March 12, 2013. The 7th revision was on March 19, 2019. The 8th revision was on December 22, 2020. The 9th revision was on March 16, 2022.	Added the amendment date.

D.Appendix

Hsin Kuang Steel Co., Ltd.

Rules of Procedure for the Shareholders' Meeting

- 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.

Hsin Kuang Steel Co., Ltd.

Articles of Incorporation

Chapter 1 General provisions

- Article 1 The Company is constituted in accordance with the Company Act, and shall be known as "Hsin Kuang Steel Company Limited."
- Article 2 The business items operated by the Company are as follows:
- (1). CA01050 Iron and Steel Rolling, Drawing, and Extruding
 - (2). CA02010 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.

Except as otherwise provided by Securities and Exchange Act, 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 newly elected Board of Directors for each term shall be convened by the most voted member of the board with the most voting right in the shareholder meeting. 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 notified seven days in advance of the meeting. The date, location, and agenda of the meeting shall be clearly stated in the notice. In case of emergency, 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.

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.

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.

Chapter 7 Supplementary provisions

Article 21 Any matters that are not stipulated in the Articles of Incorporation shall be governed by the Company Act of the Republic of China 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. The 34th amendment was on June 15, 2023.

[Appendix 3]

Status of Shareholdings of Directors

- (1). Total issued shares of the Company as of April 15, 2024: 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 15, 2024) shares retained by directors as indicated on the shareholders' register are as follows:

Sunday, April 15, 2024

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	27,860,276	8.68%
Director	Representative of Trickle Co., Ltd.: Trickle T.C.Chang	14,662,469	4.57%
Director	Ming-Shan Jheng	1,812,999	0.56%
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	-	-
Independent Directors	Wei-Zong, Liu	120,000	0.04%

Note 1: As of the book closure date, a total of 52,357,109 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.



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Taiwan Stock Exchange Market Observation Post System

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

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Hsin Kuang Steel Annual Report is available at

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

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