

HSIN KUANG STEEL CO., LTD.

2025 General Shareholders Meeting



Time : 9:00 AM, May 29 (Thursday), 2025

Location : No. 120, Gongye 8th Road, Guanyin District, Taoyuan City

(The Company's Guanyin Plant Conference Office)

Attendance : Total outstanding Hsin Kuang shares : 321,146,341 shares, Total shares represented by shareholders present in person or by proxy : 219,609,795 shares , This includes a total of 43,879,539 shares attended electronically , Percentage of shares held by shareholders present in person or by proxy : 68.38% .

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

Recorder : Daisy Y.H. Chen

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

Independent Directors present : Winston Won 、 Po-Yung Chu 、 Wei-Tsung Liu

Staff present : Deloitte & Touche Shih-Lan Chu, CPA

Tung Wah Law Firm Ke-Ming Liao, Lawyer

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

II. Chairman's Address (omitted)

III. Report Items :

Case 1 2024 Business Report.

Case 2 Audit Committee's Report.

Case 3 Report on the 2024 distribution of remuneration to employees, directors, and supervisors.

Case 4 The distribution of surplus cash dividends in 2024.

IV. Proposed Resolutions :

Case 1 : Ratification of the 2024 business report and financial statements. (proposed by the Board of Directors)

Description :

- (I). The Company's 2024 financial statements, including the balance sheet, comprehensive income statement, statement of changes in equity, and the cash flow statement, have been audited by CPA Shih-Lan Chu and CPA Cheng-Guan Yu. of Deloitte and recognized in the 11th meeting of the Company's 16th-term Board of Directors.
- (II). Please refer to and ratify the Company's 2024 Business Report, Independent Auditor's Report, and the aforementioned financial statements in Attachment 1 from page 10 to page 13 and Attachment 3 and 4 from page 15 to 34 of the Proceedings Manual.

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

Voting Results :

Shares represented at the time of voting : 219,609,795

Voting Results*	% of the total represented share present
Votes in favor: : 215,310,970 votes (39,638,714 votes)	98.04%
Votes against : 28,176 votes (28,176 votes)	0.01%
Votes abstained : 4,270,649 votes (4,212,649 votes)	1.95%
Votes invalid : none	0.00%

* The votes in favor exceeded the statutory number, and the bill was passed as is.

Case 2 : Approval of 2024 earnings distribution proposal. (proposed by the Board of Directors)

Description:

- (I). The earnings distribution proposal is for the distribution of distributable earnings of 2024 in cash dividend of NT\$2.5 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 2024 Earnings Distribution Statement in Attachment 5 on page 35 of the Proceedings Manual.

Hsin Kuang Steel Co., Ltd. 2024 Earnings Distribution Statement

Unit: NT\$

Item	Amount	
	Subtotal	Total
Undistributed earnings retained in the previous year		3,597,864,612
Minus: Actuarial gains and losses on defined benefit plan	1,029,646	
Minus: Changes in equity of ownership of subsidiaries	2,091,757	
Plus: Disposal of equity instruments at fair value through other comprehensive income	112,055,542	
Plus: Net profit after tax of the current year	1,444,213,980	1,559,390,925
Distributable earnings of the current year		5,157,255,537
Provisions and Distributions		
Statutory reserve (10%)	(155,939,093)	
Shareholder cash dividends – NT\$2.5 per share	(802,865,853)	(958,804,946)
Undistributed earnings retained in this year		4,198,450,591

Principal: Alexander M.T.Su Manager: Ming-Shan Jheng Recorder : Daisy Y.H. Chen

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

Voting Results :

Shares represented at the time of voting : 219,609,795

Voting Results*	% of the total represented share present
Votes in favor: : 215,482,810 votes (39,810,554 votes)	98.12%
Votes against : 42,447 votes (42,447 votes)	0.02%
Votes abstained : 4,084,538 votes (4,026,538 votes)	1.86%
Votes invalid : none	0.00%

* The votes in favor exceeded the statutory number, and the bill was passed as is.

V. Discussions Matters :

Case 1 : Approval of the amendments to Articles of Incorporation. (proposed by the Board of Directors)

Description:

- (I) According to the paragraph 6, Article 14 of the Securities and Exchange Act, listed companies shall specify in their Articles of Incorporation the allocation of a certain percentage of annual profits for adjusting salaries or distributing remuneration to frontline employees. Therefore, proposed amendments to certain provisions of the

Company “Articles of Incorporation”.

- (II) To comply with the provisions of Article 14, Paragraph 6 of the Securities and Exchange Act and the Financial Supervisory Commission’s directives, Article 20 has been revised accordingly.
- (III) The date of revision has been added; thus, Article 22 has been revised accordingly.
- (IV) Please refer to and ratify the Table of Comparison Table of Amendments in Attachment 6 from page 36 of the Proceedings Manual.

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

Voting Results :

Shares represented at the time of voting : 219,609,795

Voting Results*	% of the total represented share present
Votes in favor: : 215,478,001 votes (39,805,745 votes)	98.12%
Votes against : 38,720 votes (38,720 votes)	0.02%
Votes abstained : 4,093,074 votes (4,035,074 votes)	1.86%
Votes invalid : none	0.00%

* The votes in favor exceeded the statutory number, and the bill was passed as is.

VI. Extempore Motions :

(The following is a summary highlighting key points and categorizing shareholder inquiries related to the company’s business, along with a brief response from the chairman.)

Summary of speech from shareholder (Account No. 237695):

The company’s core business financial performance has been strong. However, non-operating losses have been recorded in the past three quarters. Could you explain the reason behind the NT\$0.5 billion non-operating loss in the first quarter of this year? Additionally, the recent appreciation of the NTD has lowered import costs—does this benefit the company’s financial performance? What impact will it have on second-quarter profitability?

Chairman Alexander M. T. Su:

The company reported a non-operating loss of approximately NT\$0.5 billion in the first quarter, primarily due to policy changes following the inauguration of U.S. President Trump. These changes led to a sharp decline in the stock value of Taiwanese stock market. Looking ahead, the company will adopt a conservative investment strategy to secure profits.

Regarding the appreciation of the NTD , its effects are twofold. The company has established robust hedging system and can not result in significant losses.

For business development in the second quarter, current orders—including offshore wind power projects and infrastructure developments under Taiwan’s Forward-looking Plan—will be delivered progressively. Based on the current market outlook, the group’s long-term strategy will continue to focus on domestic infrastructure driven by the Forward-looking Plan, as well as green energy projects. The

management team has diversified both manpower and business segments to align with future growth opportunities, laying a strong foundation for the company's profitability and expansion.

This concludes the explanation for shareholders.

VII. Meeting adjourned at 9:37AM



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



Daisy Y.H. Chen
Recorder

Hsin Kuang Steel Co., Ltd.

Business Report

Dear Shareholders,

2024 was a turning point for the global economy, which began to moderately recover at the beginning of the year as inflationary pressures were gradually mitigated. European and American economies continued to stabilize as China introduced policies to stimulate its economy. Finally, the rate-cutting cycle began with countries around the world implementing monetary easing and economic stimulus policies, and economic activity was gradually freed from the restraints of high interest rates. The global economy is expected to maintain steady growth. The domestic economy has maintained steady growth recently. Exports have continued to grow driven by emerging technologies and AI, driving domestic demand and investment. Domestic demand is the main pillar supporting economic growth, driving the excellent performance of Taiwan's stock market. The orders received from domestic semiconductor manufacturers to expand their facilities have steadily grown as a result. However, the construction schedule of domestic green energy facilities has been delayed, resulting in a 9% decrease in revenue compared to the previous year to NT\$14.59 billion.

Financial Performance

The Company's consolidated revenue in 2024 was NT\$14.59 billion, down 9% or NT\$1.48 billion compared to the NT\$16.07 billion in the previous year. Net operating profit of NT\$590 million was down NT\$270 million or 31% compared to the NT\$860 million in the previous year. Earnings per share (EPS) of NT\$4.5 was down NT\$0.65 or 12.6% compared to the EPS of NT\$5.15 in the previous year. The continued expansion of advanced manufacturing processes by domestic semiconductor manufacturers, and domestic demand from the three major programs for investing in Taiwan have driven the excellent performance of Taiwan's stock market. However, our profit performance could not beat our performance in the previous year due to a delay in the construction schedule of domestic green energy facilities.

In terms of products sales, the Company's operating goal in 2024 was the sale of 500,000 tons of steel products. The total sales of the year reached 408,000 tons, an achievement rate of 82%.

With regard to income and expenses, cash inflow from operating activities amounted to NT\$1,295,540,000 in 2024, which was mainly from the increase in income from contracts. Cash outflow for investment activities amounted to NT\$1,265,320,000, and was mainly due to the purchase of property, plant, and equipment and prepayments for land. Cash outflow from financing activities amounted to NT\$226,920,000, and was 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\$1,212,460,000.

Annual Corporate Development

The 2025 business strategies include the following:

1. Review the inventory structure and flexibly adjust product portfolios according to the growth and decline of various industries that use steel, in order to increase the market share of product portfolios with high profit margins. Furthermore, introduce green steel products that reduce carbon emissions or contribute to carbon neutrality.
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 "forward-looking infrastructure - coal to natural gas industry," "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-based manufacturing solutions to serve users.
4. In response to construction needs brought by the government's implementation of "urban renewal," "reconstruction of urban unsafe and old buildings," and "social housing construction plans," we will form strategic alliances with upstream and downstream manufacturers to provide technology-based manufacturing solutions to serve users.
5. Implement the new generation ERP system for commercial use to generate synergies from management.
6. 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 will continue to implement the following plans:

1. Enhance training of employees' professional skills and occupational safety, introduce professional talents, and cultivate talents to create a talent pool required for the Group's future business development.
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 awarded 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 2025 is set at 520,000 tons of steel products. 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 2025, 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 forecasts of the World Steel Association (WSA), after two years of decline, global steel demand is expected to bounce back in 2025 and grow by 1.2%. Steel demand in China is expected to recover moderately, driven by the economic stimulus policies and the boost in market confidence. Combined with the 2025 version of "Standardized Conditions for the Steel Industry" released by China's Ministry of Industry and Information Technology, it will help balance the supply and demand of steel and support the stabilization and strengthening of steel demand and prices in the future. Taiwan's Directorate-General of Budget, Accounting and Statistics expects economic growth to reach 3.29% in 2025, and we will exert every effort to seize business opportunities. With the combination of our management capabilities and processing technology, we are confident that we will reach our operating goal of 520,000 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 by nearly 51,127 tonnes of CO₂e, which is equivalent to roughly 131 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 2024, the Company received the Platinum 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 six consecutive years. We will continue to dedicate our efforts to achieving even better performance.

Future Vision

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

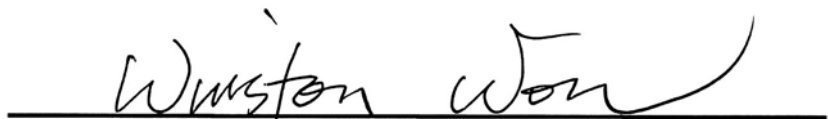
General Manager Ming-Shan Jheng

Audit Committee's Report

The Board of Directors has prepared and submitted the 2024 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



Winston Wong

March 11, 2025

Independent Auditor's Report and the 2024 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, 2024 and 2023, 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, 2024 and 2023, 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, 2024. 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, 2024 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, 2024 decreased 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 trade receivables 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, 2024 and 2023, 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, 2024 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 Shi-Lan Chu and Cheng-Guan Yu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2025

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, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,212,459	4	\$ 953,579	3
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	3,574,337	12	2,987,779	11
Financial assets at amortized cost - current (Notes 4, 9 and 31)	173,342	1	151,500	-
Contract assets - current (Note 23)	103,178	-	240,360	1
Notes receivable from unrelated parties (Notes 4, 10 and 31)	1,738,707	6	2,168,059	8
Trade receivables from unrelated parties (Notes 4 and 10)	2,635,929	9	3,244,113	11
Current tax assets (Notes 4 and 25)	45,773	-	5,149	-
Prepayments	213,827	1	163,210	1
Inventories (Notes 4, 5 and 11)	6,262,056	21	6,157,480	22
Other current assets (Notes 17 and 25)	<u>7,537</u>	<u>-</u>	<u>8,839</u>	<u>-</u>
Total current assets	<u>15,967,145</u>	<u>54</u>	<u>16,080,068</u>	<u>57</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	733,739	3	297,484	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,439,102	8	2,778,841	10
Investments accounted for using the equity method (Notes 4, 13 and 31)	987,497	3	938,005	3
Property, plant and equipment (Notes 4, 14 and 31)	5,472,271	19	4,576,840	16
Right-of-use assets (Note 4)	5,320	-	1,487	-
Investment properties (Notes 4, 15 and 31)	3,474,668	12	3,156,680	11
Intangible assets (Notes 4 and 16)	39,775	-	41,756	-
Deferred tax assets (Notes 4 and 25)	92,438	-	97,968	-
Other non-current assets (Notes 10 and 17)	<u>339,462</u>	<u>1</u>	<u>384,201</u>	<u>2</u>
Total non-current assets	<u>13,584,272</u>	<u>46</u>	<u>12,273,262</u>	<u>43</u>
TOTAL	<u>\$ 29,551,417</u>	<u>100</u>	<u>\$ 28,353,330</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 18)	\$ 7,587,454	26	\$ 6,679,741	23
Short-term bills payable (Notes 4 and 18)	609,226	2	798,599	3
Contract liabilities - current (Note 23)	709,928	2	1,416,282	5
Notes payable to unrelated parties (Notes 4 and 19)	331,236	1	288,156	1
Trade payables to unrelated parties (Notes 4 and 19)	189,603	1	238,449	1
Other payables (Note 20)	448,274	2	413,316	1
Current tax liabilities (Notes 4 and 25)	58,285	-	171,819	1
Current portion of long-term liabilities (Notes 4 and 18)	107,121	-	232,814	1
Other current liabilities	<u>9,796</u>	<u>-</u>	<u>11,774</u>	<u>-</u>
Total current liabilities	<u>10,050,923</u>	<u>34</u>	<u>10,250,950</u>	<u>36</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4 and 18)	6,945,084	24	5,847,573	21
Provisions - non-current (Note 4)	14,507	-	2,702	-
Deferred tax liabilities (Notes 4 and 25)	130,498	-	117,961	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	15,205	-	33,626	-
Other non-current liabilities	<u>46,418</u>	<u>-</u>	<u>37,165</u>	<u>-</u>
Total non-current liabilities	<u>7,151,712</u>	<u>24</u>	<u>6,039,027</u>	<u>21</u>
Total liabilities	<u>17,202,635</u>	<u>58</u>	<u>16,289,977</u>	<u>57</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 22)				
Share capital	<u>3,211,463</u>	<u>11</u>	<u>3,211,463</u>	<u>11</u>
Capital surplus	<u>943,445</u>	<u>3</u>	<u>943,445</u>	<u>4</u>
Retained earnings				
Legal reserve	1,456,003	5	1,275,497	4
Unappropriated earnings	<u>5,157,256</u>	<u>18</u>	<u>4,741,810</u>	<u>17</u>
Total retained earnings	<u>6,613,259</u>	<u>23</u>	<u>6,017,307</u>	<u>21</u>
Other equity	<u>881,404</u>	<u>3</u>	<u>1,166,350</u>	<u>4</u>
Total equity attributable to owners of the Company	11,649,571	40	11,338,565	40
NON-CONTROLLING INTERESTS				
Total equity	<u>12,348,782</u>	<u>42</u>	<u>12,063,353</u>	<u>43</u>
TOTAL	<u>\$ 29,551,417</u>	<u>100</u>	<u>\$ 28,353,330</u>	<u>100</u>

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, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 30)				
Sales	\$ 13,183,899	90	\$ 14,853,856	92
Other operating revenue	<u>1,408,339</u>	<u>10</u>	<u>1,221,033</u>	<u>8</u>
Total operating revenue	<u>14,592,238</u>	<u>100</u>	<u>16,074,889</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold (Notes 4, 11, 24 and 30)	(12,454,744)	(85)	(13,978,724)	(87)
Other operating costs	<u>(967,491)</u>	<u>(7)</u>	<u>(650,414)</u>	<u>(4)</u>
Total operating costs	<u>(13,422,235)</u>	<u>(92)</u>	<u>(14,629,138)</u>	<u>(91)</u>
GROSS PROFIT	1,170,003	8	1,445,751	9
OPERATING EXPENSES				
Selling and marketing expenses (Note 24)	(332,767)	(2)	(318,122)	(2)
General and administrative expenses (Notes 24 and 30)	(251,886)	(2)	(236,035)	(1)
Expected credit gain/(loss) (Note 10)	<u>7,208</u>	<u>-</u>	<u>(33,305)</u>	<u>-</u>
Total operating expenses	<u>(577,445)</u>	<u>(4)</u>	<u>(587,462)</u>	<u>(3)</u>
PROFIT FROM OPERATIONS	<u>592,558</u>	<u>4</u>	<u>858,289</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 24 and 30)				
Interest income	5,339	-	4,022	-
Other income	117,458	1	115,722	1
Other gains and losses	1,226,360	9	1,258,678	8
Finance costs	(399,741)	(3)	(383,287)	(3)
Share of profit or loss of associates and joint ventures accounted for using the equity method	<u>51,564</u>	<u>-</u>	<u>4,109</u>	<u>-</u>
Total non-operating income and expenses	<u>1,000,980</u>	<u>7</u>	<u>999,244</u>	<u>6</u>
PROFIT BEFORE INCOME TAX	1,593,538	11	1,857,533	12
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(117,061)</u>	<u>(1)</u>	<u>(125,953)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>1,476,477</u>	<u>10</u>	<u>1,731,580</u>	<u>11</u>

(Continued)

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME/(LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 3,619	-	\$ (841)	-
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	(174,772)	(1)	696,855	4
Share of other comprehensive income/(loss) of associates and joint ventures accounted for using the equity method	<u>(1,732)</u>	<u>-</u>	<u>(52,257)</u>	<u>-</u>
	<u>(172,885)</u>	<u>(1)</u>	<u>643,757</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>3,582</u>	<u>-</u>	<u>(29)</u>	<u>-</u>
Other comprehensive income/(loss) for the year, net of income tax	<u>(169,303)</u>	<u>(1)</u>	<u>643,728</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,307,174</u>	<u>9</u>	<u>\$ 2,375,308</u>	<u>15</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,444,214	10	\$ 1,654,842	10
Non-controlling interests	<u>32,263</u>	<u>-</u>	<u>76,738</u>	<u>1</u>
	<u>\$ 1,476,477</u>	<u>10</u>	<u>\$ 1,731,580</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,274,445	9	\$ 2,299,000	14
Non-controlling interests	<u>32,729</u>	<u>-</u>	<u>76,308</u>	<u>1</u>
	<u>\$ 1,307,174</u>	<u>9</u>	<u>\$ 2,375,308</u>	<u>15</u>
EARNINGS PER SHARE (Note 26)				
From continuing operations				
Basic	<u>\$ 4.50</u>		<u>\$ 5.15</u>	
Diluted	<u>\$ 4.48</u>		<u>\$ 5.14</u>	

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

(Concluded)

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										Total Equity
	Share Capital		Retained Earnings			Other Equity		Total	Non-controlling Interests		
	Number of Shares (In Thousands)	Amount	Capital Surplus	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				
BALANCE AT JANUARY 1, 2023	321,146	\$ 3,211,463	\$ 943,451	\$ 1,229,590	\$ 3,303,800	\$ 1,969	\$ 672,449	\$ 9,362,722	\$ 712,638	\$ 10,075,360	
Appropriation of 2022 earnings	-	-	-	45,907	(45,907)	-	-	-	-	-	
Legal reserve	-	-	-	(321,147)	(321,147)	-	-	(321,147)	-	(321,147)	
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(67,947)	(67,947)	
Changes in percentage of ownership interests in subsidiaries	-	-	(6)	-	(2,004)	-	-	(2,010)	189	(1,821)	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	152,640	-	(152,640)	-	-	-	
Net profit for the year ended December 31, 2023	-	-	-	-	1,654,842	-	-	1,654,842	76,738	1,731,580	
Other comprehensive income/(loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(414)	-	644,598	644,158	(430)	643,728	
Total comprehensive income/(loss) for the year ended December 31, 2023	-	-	-	-	1,654,428	-	644,598	2,299,000	76,308	2,375,308	
Changes of non-controlling interests	-	-	-	-	-	-	-	-	3,600	3,600	
BALANCE AT DECEMBER 31, 2023	321,146	3,211,463	943,445	1,275,697	4,741,810	1,943	1,164,407	11,338,565	724,788	12,063,353	
Appropriation of 2023 earnings	-	-	-	180,506	(180,506)	-	-	-	-	-	
Legal reserve	-	-	-	-	(963,439)	-	-	(963,439)	-	(963,439)	
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(56,691)	(56,691)	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	112,056	-	(112,056)	-	-	-	
Net profit for the year ended December 31, 2024	-	-	-	-	1,444,214	-	-	1,444,214	32,263	1,476,477	
Other comprehensive income/(loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	3,121	-	(176,504)	(169,769)	466	(169,302)	
Total comprehensive income/(loss) for the year ended December 31, 2024	-	-	-	-	1,447,335	-	(176,504)	1,274,445	32,729	1,307,174	
Changes of non-controlling interests	-	-	-	-	-	-	-	-	(1,615)	(1,615)	
BALANCE AT DECEMBER 31, 2024	321,146	3,211,463	943,445	1,456,003	5,157,256	5,557	875,847	11,649,571	699,211	12,348,782	

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, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,593,538	\$ 1,857,533
Adjustments for:		
Depreciation expense	246,190	231,430
Amortization expense	11,065	11,526
Expected credit loss (reversed)/recognized on trade receivables	(7,208)	33,305
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(1,232,193)	(1,014,572)
Finance costs	399,741	383,287
Interest income	(5,339)	(4,022)
Dividend income	(97,636)	(93,594)
(Gain)/loss on disposal of property, plant and equipment	(69)	5,205
Share of profit of associates	(51,564)	(4,109)
Reversal of write-downs of inventories	(28,718)	(16,829)
Net loss/(gain) on foreign currency exchange	39,338	(31,259)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	303,348	(237,073)
Contract assets	137,182	(212,591)
Notes receivable	429,352	(444,919)
Trade receivables	554,438	(259,288)
Other receivables	3,381	20,828
Inventories	(75,858)	(797,126)
Prepayments	(84,326)	(39,669)
Other current assets	(560)	(187)
Notes payable	43,081	(104,682)
Trade payables	(48,812)	(12,117)
Other payables	39,209	99,633
Provisions	11,805	440
Contract liabilities	(706,354)	1,104,938
Other current liabilities	(10,176)	(1,535)
Net defined benefit liabilities	(13,866)	(2,859)
Cash generated from operations	1,448,989	471,694
Interest received	5,339	4,022
Dividends received	96,117	93,594
Income tax paid	(254,903)	(219,445)
Net cash generated from operating activities	<u>1,295,542</u>	<u>349,865</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(142,800)	-
Proceeds from sale of financial assets at fair value through other comprehensive income	308,699	364,490
Purchase of financial assets at fair value through profit or loss	(93,969)	-

(Continued)

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Purchase of financial assets at amortized cost	\$ (21,842)	\$ (128,976)
Acquisition of associates	-	(420,000)
Payments for property, plant and equipment	(85,623)	(257,761)
Proceeds from disposal of property, plant and equipment	162	8,053
Payments for investment properties	-	(995)
Payments for intangible assets	-	(36,058)
Increase in other non-current assets	(1,047)	(1,602)
Increase in prepayments for equipment	(1,139,686)	(177,429)
Dividends received from investees	7,982	5,944
Increase in refundable deposits	(97,191)	(4,734)
	<u>(1,265,315)</u>	<u>(649,068)</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	25,573,217	23,576,437
Decrease in short-term borrowings	(24,708,530)	(24,072,111)
Increase in short-term bills payable	-	250,000
Decrease in short-term bills payable	(190,000)	-
Proceeds from long-term borrowings	1,584,890	5,568,650
Repayments of long-term borrowings	(615,880)	(1,994,631)
Decrease in long-term bills payable	-	(2,400,000)
Increase in guarantee deposits received	5,798	1,603
Interest paid	(400,830)	(390,320)
Dividends paid to owners of the Company	(963,439)	(321,147)
Dividends paid to non-controlling interests	(56,691)	(67,947)
Change in non-controlling interests	(1,615)	3,600
	<u>226,920</u>	<u>154,134</u>
Net cash generated from financing activities		
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>1,733</u>	<u>(18)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	258,880	(145,087)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>953,579</u>	<u>1,098,666</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,212,459</u>	<u>\$ 953,579</u>

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

(Concluded)

[Attachment 4]

Independent Auditor's Report and the 2024 Individual Financial Statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hsin Kuang Steel Company Limited

Opinion

We have audited the accompanying parent company only financial statements of Hsin Kuang Steel Company Limited (the "Company"), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2024 and 2023, and its parent company only financial performance and its parent company only 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 Parent Company Only 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 parent company only financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent company only 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 parent company only financial statements for the year ended December 31, 2024 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, 2024 decreased 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 parent company only 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 Parent Company Only Financial Statements

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

In preparing the parent company only 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 Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only 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 parent company only 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 parent company only financial statements for the year ended December 31, 2024 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 Shi-Lan Chu and Cheng-Guan Yu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2025

Notice to Readers

The accompanying parent company only 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 parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.

HSIN KUANG STEEL COMPANY LIMITED

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 652,993	3	\$ 483,629	2
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	2,600,608	10	1,961,078	8
Financial assets at amortized cost - current (Notes 4, 9 and 30)	52,449	-	22,509	-
Contract assets - current (Note 22)	88,322	-	84,659	1
Notes receivable from unrelated parties (Notes 4, 10 and 30)	1,581,404	6	2,046,784	8
Trade receivables from unrelated parties (Notes 4 and 10)	1,731,994	7	2,563,550	10
Trade receivables from related parties (Notes 4, 10 and 29)	73,839	-	268,053	1
Current tax assets (Notes 4 and 24)	34,688	-	-	-
Inventories (Notes 4, 5 and 11)	5,179,348	20	4,515,099	18
Prepayment	127,344	-	40,743	-
Other current assets (Note 16)	2,504	-	3,227	-
Total current assets	<u>12,125,493</u>	<u>46</u>	<u>11,989,331</u>	<u>48</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	733,739	3	297,484	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,398,312	9	2,738,983	11
Investments accounted for using the equity method (Notes 4, 12 and 30)	4,036,276	16	3,762,491	15
Property, plant and equipment (Notes 4, 13, 29 and 30)	2,110,657	8	2,416,682	10
Investment properties (Notes 4, 14 and 30)	4,492,056	17	3,659,077	14
Other intangible assets (Notes 4 and 15)	36,832	-	39,602	-
Deferred tax assets (Notes 4 and 24)	64,781	-	78,244	-
Other non-current assets (Notes 10 and 16)	206,636	1	214,386	1
Total non-current assets	<u>14,079,289</u>	<u>54</u>	<u>13,206,949</u>	<u>52</u>
TOTAL	<u>\$ 26,204,782</u>	<u>100</u>	<u>\$ 25,196,280</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 17)	\$ 6,872,724	26	\$ 6,271,907	25
Short-term bills payable (Notes 4 and 17)	449,427	2	648,760	3
Contract liabilities - current (Note 22)	213,129	1	185,378	1
Notes payable to unrelated parties (Notes 4 and 18)	107,308	1	133,898	-
Notes payable to related parties (Notes 4, 18 and 29)	14,943	-	17,816	-
Trade payables to unrelated parties (Notes 4 and 18)	29,334	-	75,473	-
Trade payables to related parties (Notes 4, 18 and 29)	-	-	3,695	-
Other payables (Notes 4, 19 and 29)	296,726	1	304,684	1
Current tax liabilities (Notes 4 and 24)	-	-	145,633	1
Current portion of long-term liabilities (Notes 4 and 17)	-	-	10,526	-
Other current liabilities	23,826	-	22,957	-
Total current liabilities	<u>8,007,417</u>	<u>31</u>	<u>7,820,727</u>	<u>31</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4 and 17)	5,991,677	23	5,465,186	22
Deferred tax liabilities (Notes 4 and 24)	18,834	-	9,254	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	7,628	-	20,127	-
Other non-current liabilities (Note 29)	529,655	2	542,421	2
Total non-current liabilities	<u>6,547,794</u>	<u>25</u>	<u>6,036,988</u>	<u>24</u>
Total liabilities	<u>14,555,211</u>	<u>56</u>	<u>13,857,715</u>	<u>55</u>
EQUITY (Notes 4 and 21)				
Share capital	<u>3,211,463</u>	<u>12</u>	<u>3,211,463</u>	<u>13</u>
Capital surplus	<u>943,445</u>	<u>4</u>	<u>943,445</u>	<u>4</u>
Retained earnings				
Legal reserve	1,456,003	5	1,275,497	5
Unappropriated earnings	5,157,256	20	4,741,810	19
Total retained earnings	<u>6,613,259</u>	<u>25</u>	<u>6,017,307</u>	<u>24</u>
Other equity	<u>881,404</u>	<u>3</u>	<u>1,166,350</u>	<u>4</u>
Total equity	<u>11,649,571</u>	<u>44</u>	<u>11,338,565</u>	<u>45</u>
TOTAL	<u>\$ 26,204,782</u>	<u>100</u>	<u>\$ 25,196,280</u>	<u>100</u>

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

HSIN KUANG STEEL COMPANY LIMITED

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 29)				
Sales	\$ 11,265,113	93	\$ 12,852,719	95
Other operating revenue	<u>800,398</u>	<u>7</u>	<u>734,108</u>	<u>5</u>
Total operating revenue	<u>12,065,511</u>	<u>100</u>	<u>13,586,827</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold (Notes 11, 23 and 29)	(10,774,631)	(90)	(11,924,991)	(88)
Other operating costs (Note 29)	<u>(500,399)</u>	<u>(4)</u>	<u>(387,504)</u>	<u>(3)</u>
Total operating costs	<u>(11,275,030)</u>	<u>(94)</u>	<u>(12,312,495)</u>	<u>(91)</u>
GROSS PROFIT	790,481	6	1,274,332	9
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	(42,229)	-	(281,321)	(2)
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	<u>86,231</u>	<u>1</u>	<u>54,467</u>	<u>1</u>
REALIZED GROSS PROFIT	<u>834,483</u>	<u>7</u>	<u>1,047,478</u>	<u>8</u>
OPERATING EXPENSES				
Selling and marketing expenses (Note 23)	(247,663)	(2)	(241,019)	(2)
General and administrative expenses (Notes 23 and 29)	(180,269)	(2)	(172,407)	(1)
Expected credit gain/(loss) (Note 10)	<u>1,440</u>	<u>-</u>	<u>(32,462)</u>	<u>-</u>
Total operating expenses	<u>(426,492)</u>	<u>(4)</u>	<u>(445,888)</u>	<u>(3)</u>
PROFIT FROM OPERATIONS	<u>407,991</u>	<u>3</u>	<u>601,590</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 29)				
Interest income	1,918	-	1,740	-
Other income	93,462	1	93,316	1
Other gains and losses	959,092	8	914,996	7
Finance costs	(363,321)	(3)	(346,419)	(3)
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	<u>398,608</u>	<u>3</u>	<u>466,076</u>	<u>3</u>
Total non-operating income and expenses	<u>1,089,759</u>	<u>9</u>	<u>1,129,709</u>	<u>8</u>

(Continued)

HSIN KUANG STEEL COMPANY LIMITED

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 1,497,750	12	\$ 1,731,299	13
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(53,536)</u>	<u>-</u>	<u>(76,457)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>1,444,214</u>	<u>12</u>	<u>1,654,842</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME/(LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	3,121	-	(414)	-
Unrealized (loss)/gain on investments in equity instruments at fair value through other comprehensive income	(174,772)	(1)	696,855	5
Share of other comprehensive gain/(loss) of associates and joint ventures accounted for using the equity method	<u>(1,732)</u>	<u>-</u>	<u>(52,257)</u>	<u>-</u>
	<u>(173,383)</u>	<u>(1)</u>	<u>644,184</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>3,614</u>	<u>-</u>	<u>(26)</u>	<u>-</u>
Other comprehensive (loss)/income for the year, net of income tax	<u>(169,769)</u>	<u>(1)</u>	<u>644,158</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,274,445</u>	<u>11</u>	<u>\$ 2,299,000</u>	<u>17</u>
EARNINGS PER SHARE (Note 25)				
From continuing operations				
Basic	<u>\$ 4.50</u>		<u>\$ 5.15</u>	
Diluted	<u>\$ 4.48</u>		<u>\$ 5.14</u>	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

HSIN KUANG STEEL COMPANY LIMITED

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)**

	Share Capital		Retained Earnings		Other Equity			Total 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		
BALANCE AT JANUARY 1, 2023	321,146	\$ 3,211,463	\$ 1,229,590	\$ 3,303,800	\$ 1,969	\$ 672,449	\$ 9,362,722	
Appropriation of 2022 earnings	-	-	45,907	(45,907)	-	-	-	
Legal reserve	-	-	-	(321,147)	-	-	(321,147)	
Cash dividends distributed by the Company	-	-	-	(2,004)	-	-	(2,010)	
Changes in percentage of ownership interests in subsidiaries	-	-	-	152,640	-	-	-	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	1,654,842	-	(152,640)	1,654,842	
Net profit for the year ended December 31, 2023	-	-	-	(414)	-	-	-	
Other comprehensive income/(loss) for the year ended December 31, 2023, net of income tax	-	-	-	1,654,428	(26)	644,598	644,158	
Total comprehensive income/(loss) for the year ended December 31, 2023	-	-	-	4,741,810	(26)	644,598	2,299,000	
BALANCE AT DECEMBER 31, 2023	321,146	\$ 3,211,463	\$ 1,275,497	\$ 4,741,810	\$ 1,943	\$ 1,164,407	\$ 11,338,565	
Appropriation of 2023 earnings	-	-	180,506	(180,506)	-	-	-	
Legal reserve	-	-	-	(963,439)	-	-	(963,439)	
Cash dividends distributed by the Company	-	-	-	112,056	-	-	-	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	1,444,214	-	-	1,444,214	
Net profit for the year ended December 31, 2024	-	-	-	3,121	-	-	-	
Other comprehensive income/(loss) for the year ended December 31, 2024, net of income tax	-	-	-	1,447,335	3,614	(176,504)	(169,769)	
Total comprehensive income/(loss) for the year ended December 31, 2024	-	-	-	5,157,256	3,614	(176,504)	1,274,445	
BALANCE AT DECEMBER 31, 2024	321,146	\$ 3,211,463	\$ 1,456,003	\$ 5,157,256	\$ 5,557	\$ 875,847	\$ 11,649,571	

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

HSIN KUANG STEEL COMPANY LIMITED

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,497,750	\$ 1,731,299
Adjustments for:		
Depreciation expense	131,646	124,645
Amortization expense	6,724	7,148
Expected credit loss (reversed)/recognized on trade receivables	(1,440)	32,462
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(963,021)	(665,326)
Finance costs	363,321	346,419
Interest income	(1,918)	(1,740)
Dividend income	(80,341)	(79,394)
(Gain)/loss on disposal of property, plant and equipment	(34)	5,036
Gain on disposal of investment properties	-	(52)
Share of profit of subsidiaries, associates and joint ventures	(398,608)	(466,076)
Reversal of write-downs of inventories	(29,342)	(15,225)
Unrealized gain on transactions with associates	42,229	281,321
Realized gain on transactions with associates	(86,231)	(54,467)
Net loss/(gain) on foreign currency exchange	39,322	(31,163)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(18,794)	(229,532)
Contract assets	(3,663)	(84,659)
Notes receivable	465,380	(454,418)
Trade receivables	966,306	(200,053)
Other receivables	1,593	13,983
Inventories	(634,907)	(49,884)
Prepayments	(86,600)	34,549
Other current assets	(12)	(229)
Notes payable	(29,462)	(72,481)
Trade payables	(49,835)	(25,212)
Other payables	(4,006)	57,111
Contract liabilities	27,751	(89,653)
Advance lease payments received	(16,080)	(15,815)
Net defined benefit liabilities	(11,212)	(3,472)
Other current liabilities	(3,471)	(2,818)
Cash generated from operations	1,123,045	92,304
Interest received	1,918	1,740
Dividends received	79,482	79,393
Income tax paid	(211,975)	(160,992)
Net cash generated from operating activities	<u>992,470</u>	<u>12,445</u>

(Continued)

HSIN KUANG STEEL COMPANY LIMITED

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (142,800)	\$ -
Proceeds from sale of financial assets at fair value through other comprehensive income	308,699	364,490
Purchase of financial assets at fair value through profit or loss	(93,969)	-
Purchase of financial assets at amortized cost	(29,940)	(5,698)
Acquisition of associates	-	(414,165)
Proceeds from disposal of investments accounted for using the equity method	22,449	-
Payments for property, plant and equipment	(82,455)	(255,376)
Proceeds from disposal of property, plant and equipment	106	7,905
Payments for investment properties	-	(472)
Proceeds from disposal of investment properties	-	148
Payments for intangible assets	-	(34,536)
Increase in other non-current assets	(150)	(295)
Decrease in prepayments for equipment	(477,745)	(62,517)
Dividends received from investees	151,253	136,702
Increase in refundable deposits	(29,647)	(4,894)
	<u>(374,199)</u>	<u>(268,708)</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	23,478,217	21,531,056
Decrease in short-term borrowings	(22,920,426)	(22,161,494)
(Decrease)/increase in short-term bills payable	(200,000)	100,000
Proceeds from long-term borrowings	800,000	5,400,000
Repayments of long-term borrowings	(286,842)	(1,810,526)
Decrease in long-term bills payable	-	(2,400,000)
Increase in guarantee deposits received	7,656	1,255
Interest paid	(364,073)	(353,650)
Dividends paid	(963,439)	(321,147)
	<u>(448,907)</u>	<u>(14,506)</u>
Net cash used in financing activities		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	169,364	(270,769)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>483,629</u>	<u>754,398</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 652,993</u>	<u>\$ 483,629</u>

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

Hsin Kuang Steel Co., Ltd.
2024 Earnings Distribution Statement

Unit: NT\$

Item	Amount	
	Subtotal	Total
Undistributed earnings retained in the previous year		3,597,864,612
Minus: Actuarial gains and losses on defined benefit plan(2024)	1,029,646	
Minus: Changes in equity of ownership of subsidiaries	2,091,757	
Plus: Disposal of equity instruments at fair value through other comprehensive income	112,055,542	
Plus: Net profit after tax of the current year	1,444,213,980	1,559,390,925
Distributable earnings of the current year		5,157,255,537
Provisions and Distributions		
Statutory reserve(10%)	(155,939,093)	
Shareholder cash dividends – NT\$2.5 per share	(802,865,853)	(958,804,946)
Undistributed earnings retained in this year		4,198,450,591

- (1). The Company shall distribute shareholder cash dividends totaling NT\$802,865,853 this year, representing cash dividends of NT\$2.5 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 2024 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.

Comparison Table of Amendments to “Articles of Incorporation”

The 36th amendment was on May 29, 2025

Article	Revised content (underlined)	Original content	Reason for revision
Article 20	<p>If the Company has generated profits for the current year, it shall allocate at least 3% of profits as employee remuneration. <u>(The amount of employee remuneration under this provision shall not be less than 40% and shall be allocated as remuneration for grassroots employees based on conditions set by the Board of Directors) and shall not exceed 3% as remuneration for directors.</u></p> <p><u>The aforementioned employee remuneration may be distributed in the form of shares or cash. Director remuneration shall only be distributed in cash.</u></p> <p><u>Employee remuneration and director remuneration shall be executed by a special resolution of the Board of Directors and presented to the shareholders' meeting.</u></p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p>	Amendments to Article 14, Paragraph 6 of the Securities and Exchange Act.
Article 22	<p>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.....</p> <p>The 34rd amendment was on June 15, 2023.</p> <p><u>The 35rd amendment was on May 29, 2025.</u></p>	<p>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.....</p> <p>The 34rd amendment was on June 15, 2023.</p>	The date of revision has been added.