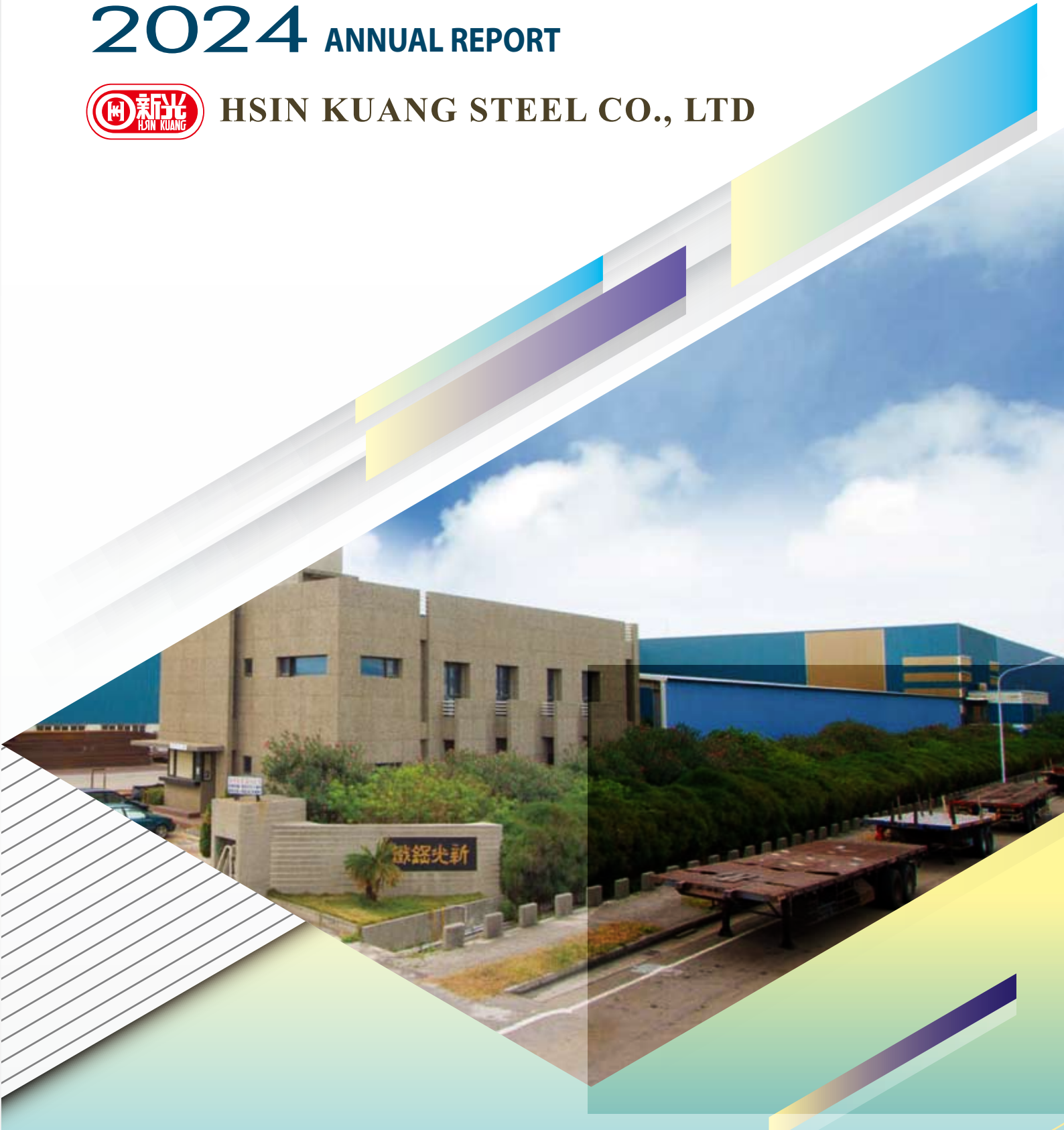


# 2024 ANNUAL REPORT



HSIN KUANG STEEL CO., LTD



# Table of Contents

Item	Page
<b>A. Letter to Shareholders</b> .....	1
<b>B. Corporate Governance Report</b> .....	5
I. Information of the Directors, General Manager, Vice General Manager, Assistant Vice Presidents, and the managers of various departments and branch offices .....	5
II. Remunerations to Directors (including Independent Directors), Supervisors, General Manager, and Vice General Manager in the most recent year .....	23
III. Implementation of corporate governance .....	29
IV. Information on fees to CPAs .....	112
V. Information on Change of CPA .....	112
VI. The Company's Chairman, General Manager, or manager in charge of finance or accounting who has served in a certified public accountant firm or its affiliates within the last year .....	112
VII. Share transfer and equity pledge changes by Directors, managers and shareholders holding more than 10% equity in the past year and up to the printing of this report .....	112
VIII. Information on the relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree) .....	113
IX. The shareholding of the Company, Directors, managers and enterprises directly or indirectly controlled by the Company in the invested company and the consolidated shareholding ratio .....	113
<b>C. Fundraising Conditions</b> .....	114
I. Capital and Shares .....	114
II. Corporate bond issuance status .....	114
III. Issuance of Preferred Stocks .....	114
IV. Issuance of Global Depositary Receipts (GDR) .....	116
V. Exercise of Employee Stock Option Plan (ESOP) .....	116
VI. Employees' Restricted Stocks .....	116
VII. Mergers (including mergers, acquisitions, and demergers) .....	117
VIII. Capital Utilization Plan and Its Implementation .....	117
<b>D. Business Overview</b> .....	118
I. Business Activities .....	118
II. Market, Production, and Sales .....	120

Item	Page
III. Employee information .....	133
IV. Spending on environmental protection.....	133
V. Employees-employer relations .....	134
VI. Information security management.....	138
VII. Important Contracts .....	141
<b>E. Review, Analysis, and Risks of Financial Conditions and Performance .....</b>	<b>145</b>
I. Financial Conditions.....	145
II. Financial performance analysis .....	147
III. Cash flow review and analysis .....	150
IV. Effects of significant capital expenditures on financial operations in the current year .....	150
V. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the coming year .....	151
VI. Risk management and assessment.....	151
VII. Other Important Matters .....	161
<b>F. Special Notes .....</b>	<b>162</b>
I. Profiles of Affiliates .....	162
II. Progress of private placement of securities during the latest year and up to the publication date of this annual report .....	166
III. Other Necessary Supplemental Information .....	166
IV. Corporate events with material impact on shareholders' equity or stock prices set forth in Subparagraph 2, Paragraph 2, Article 36 of Securities and Exchange Act.....	166

## **A. Letter to Shareholders**

**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 CO<sub>2</sub> by nearly 51,127 tonnes of CO<sub>2</sub>e, which is equivalent to roughly 131 times the amount of CO<sub>2</sub> 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

## B. Corporate Governance Report

Information of the Directors, General Manager, Vice General Manager, Assistant Vice Presidents, and the managers of various departments and branch offices

### (I) Director Information

Organization of the Board of Directors

The current ten members of the Company's Board of Directors have extensive experience in company operations or expertise in the steel materials industry. The Company relies on their extensive professional knowledge, personal insight and business judgments.

#### 1. Director

March 31, 2025

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected (Appointed)	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse and Underage Children		Shares Held in the Name of Other Persons		Education and Work Experiences	Other Current Positions within the Company	Any Executive Officer, Director or Supervisor Who is a Spouse or Relative within the Second Degree of Kinship			Note (Note 1)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	Republic of China	Representative of Han De Investment Co., Ltd.: Alexander M.T. Su	Male 71-75	2023.6.15	3 years	2008.6.13	27,220,276	8.48%	31,250,276	9.73%	17,321,487	5.39%	-	-	Executive Management Course, Center for Public and Business Administration Education, National Chengchi University  Chairman of Hsin Kuang Steel Co., Ltd. Taiwan Steel & Iron Industries Association Executive Director Recipient of the 2021 Representative of a Benevolent Person - Eight Virtues Award	Chairman of: Hsin Yuan Investment Co., Ltd. Hsin Ho Fa Metal Co., Ltd. APEX Wind Power Equipment Manufacturing Co., Ltd. B.V.I. Sinpao Investment Co., Ltd. Han De Investment Co., Ltd. Hui Jung Investment Co., Ltd. Hsin Ching International Co., Ltd. Hsin Cheng Logistics Development Co., Ltd. Mason Metal Industry Co., Ltd. New Taipei City Private Hui Jung Welfare and Charity Foundation Hsin Kuang Steel Tian-Cheng Charity Foundation Director of: Cheng Yu Investment Co., Ltd. Hsin Wei Solar Co., Ltd. Century Iron and Steel Industrial Co., Ltd. Century International Construction Ltd. Myanmar Century Steel Structure Ltd. Century Green Energy Vocational Senior High School, Taoyuan City Supervisor of: Ching Shun Hardware Co., Ltd.	Director	Johnathon Y.J. Su	Father-son	None

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected (Appointed)	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse and Underage Children		Shares Held in the Name of Other Persons		Education and Work Experiences	Other Current Positions within the Company	Any Executive Officer, Director or Supervisor Who is a Spouse or Relative within the Second Degree of Kinship			Note (Note 1)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	Republic of China	Representative of Trickle Co., Ltd.: Tian-Cheng Chang	Male 90-95	2023.6.15	3 years	1985.4.28	14,662,469	4.77%	14,662,469	4.57%	5,228,283	1.63%	-	-	Primary Agricultural School (predecessor of Mu Zha Junior High School) Chairman of Trickle Co., Ltd.	Chairman of: Trickle Co., Ltd. Shin Fa Steel Mfg. Co., Ltd. Director of: Representative of Institutional Director, An Gang Metal Co., Ltd.	None	None	None	None
Director	Republic of China	Ming-Shan Jheng	Male 66-70	2023.6.15	3 years	1990.7.8	1,812,999	0.57%	1,812,999	0.57%	1,959	-	-	-	Junior high school Director and General Manager of Hsin Kuang Steel Co., Ltd.	Chairman of: Hsin Hua Steel Industry Co., Ltd. Director of: Han De Investment Co., Ltd. Hsin Ching International Co., Ltd. Century Wind Power Co., Ltd. New Taipei City Private Hui Jung Welfare and Charity Foundation Director of Hsin Kuang Steel Tian-Cheng Charity Foundation Director of Paradise Education Welfare Foundation Taoyuan Envirolink Corporation Yun-Shen Energies Recycling Tech. Co., Ltd.	None	None	None	None
Director	Republic of China	Fisher C.H. Yu	Male 61-65	2023.6.15	3 years	1999.4.8	186,242	0.06%	186,242	0.06%	-	-	-	-	EMBA, College of Management, National Chung Hsing University Director and Vice General Manager of Special Steels Department of Hsin Kuang Steel Co., Ltd.	Director of: Hui Jung Investment Co., Ltd. Hsin Ho Fa Metal Co., Ltd. Hsin Chi Optoelectronics Co., Ltd. New Taipei City Private Hui Jung Welfare and Charity Foundation	None	None	None	None
Director	Republic of China	Johnathon Y.J. Su	Male 36-40	2023.6.15	3 years	2017.6.15	7,704,930	2.40%	7,704,930	2.40%	340,000	0.11%	-	-	Birkbeck, University of London (Birbeck, University of Master's degree Director and Vice General Manager of Operations Department of Hsin Kuang Steel Co., Ltd.	Chairman of: Cheng Yu Investment Co., Ltd. Director of: Han De Investment Co., Ltd. Hui Jung Investment Co., Ltd. Mason Metal Industry Co., Ltd. SunnyRich Multifunction Solar Power Co., Ltd. New Taipei City Private Hui Jung Welfare and Charity Foundation Supervisor of: Yingfu Investment Corporation	Chairman	Alexander M.T. Su	Father-son	None

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected (Appointed)	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse and Underage Children		Shares Held in the Name of Other Persons		Education and Work Experiences	Other Current Positions within the Company	Any Executive Officer, Director or Supervisor Who is a Spouse or Relative within the Second Degree of Kinship			Note (Note 1)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	Republic of China	Shih-Yang Chen	Male 66-70	2023.6.15	3 years	2017.6.15	10,193	0.00%	10,193	0.00%	30,000	0.01%	-	-	Dept. of Accounting, Soochow University CPA, Chung Sun Certified Public Accountants Taipei Office 17th Vice Chairman, Taipei CPA Association Chairman, Tax Regulations Committee, National Federation of CPA Associations of the R.O.C. Deputy Chief Editor, Angle Review of Finance and Taxation Practices	Director of: Taiwan Chinsan Electronics Industrial Co., Ltd. Trickle Co., Ltd. Smartax Consulting Inc. Independent Director of: Wonderful Hi-Tech Co., Ltd. Delpha Construction Co., Ltd. Supervisor of: Pai Lung Machinery Mill Co., Ltd. Phislang International Limited Phislang Electric Vehicle Mfg. Co., Ltd. Phislang Energy Technology Co., Ltd. Phislang Machinery Manufacturing Co., Ltd. Phislang Homecare Co., Ltd.	None	None	None	None
Independent Directors	Republic of China	Winston Won	Male 71-75	2023.6.15	3 years	2017.6.15	-	-	-	-	-	-	-	-	EMBA, College of Management, National Taiwan University Certified Public Accountant of the Republic of China CPA and Director at Deloitte & Touche Chairman of Ofuna Technology Co., Ltd.	Chairman of: Shao Rui Development Co., Ltd. Director of: Ofuna Technology Co., Ltd. Independent Director of: Hold-Key Electric Wire & Cable Co., Ltd. Cica-Huntek Chemical Technology Taiwan Co., Ltd.	None	None	None	None
Independent Directors	Republic of China	Po-Young Chu	Male 66-70	2023.6.15	3 years	2017.6.15	-	-	-	-	-	-	-	-	Ph.D. in Business Administration, Purdue University Professor, Republic of China Professor, Department of Management Science, National Chiao Tung University Dean of Aspire Academy Research Fellow, Chinese Society for Management of Technology Founder, Executive Master of Business Administration, National Chiao Tung University Founder, Venture and Innovation Program (VIP Program), National Chiao Tung University Honorary Top 10 EMBA Teachers in Taiwan in survey conducted by Cheers Magazine	Adjunct Professor, Department of Management Science and EMBA Program, National Yang Ming Chiao Tung University Chairman of: Mid Sun Light Technology Co., Ltd. Amios Inc. Director of: Union Winner International Co., Ltd. (Cayman Islands) Independent Director of: Polytronics Technology Corp. E Ink Holdings Inc. Cheng Shin Rubber Industry Co., Ltd.	None	None	None	None

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected (Appointed)	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse and Underage Children		Shares Held in the Name of Other Persons		Education and Work Experiences	Other Current Positions within the Company	Any Executive Officer, Director or Supervisor Who is a Spouse or Relative within the Second Degree of Kinship			Note (Note 1)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent Directors	Republic of China	Paul T.Y. Huang	Male 71-75	2023.6.15	3 years	2017.6.15	-	-	-	-	-	-	-	-	BA in Business Administration, National Chengchi University Honorary Consultant, Chung Hung Steel Corporation Consultant, Walsin Lihwa Corporation Chairman of Chung Hung Steel Corporation Chairman of China Steel Global Trading Corporation Vice President of Commercial Division, China Steel Corporation Director, Taiwan Steel & Iron Industries Association	-	None	None	None	None
Independent Directors	Republic of China	Wei-Tsung Liu	Male 71-75	2023.6.15	3 years	2023.6.15	120,000	0.03%	600,000	0.19%	40,000	0.01%	-	-	Bachelor of Laws, National Taiwan University Prosecutor of First Instance Head Prosecutor of First Instance Prosecutor of Second Instance, Chief Prosecutor of the District Prosecutors Office	-	None	None	None	None

Note 1: Where the chairperson and president or equivalent position (highest level manager) is the same person, the spouse, or a relative within the first degree of kinship, the reason, reasonableness, necessity, and response measures must be disclosed: None.

2. Major Shareholders of Corporate Shareholders  
(1) Major Shareholders of Corporate Shareholders

March 31, 2025

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholders
Han De Investment Co., Ltd.	Alexander M.T. Su holds 25% Johnathon Y.J. Su holds 74%
Trickle Co., Ltd.	Tian-Cheng Chang holds 34.84% Tai-Tou Chang holds 11.49% You-Sheng Chang holds 9.34%

(2) Major shareholders of major corporate shareholders of corporate shareholders

March 31, 2025

Name of Institution	Major shareholders of institution
None	None

Note: Table (1) and Table (2) show data as of the most recent book closure date before the date of report.

Disclosure of Information Regarding the Professional Qualifications of Directors and Independent Directors and the Independence of Independent Directors

Qualifications Name	Professional Qualification and Experience	Independence Status (Note 1)	Number of companies in which the person also serves as an independent director
Alexander M.T. Su	<p>Education and Professional Qualification: Executive Management Course, Center for Public and Business Administration Education, National Chengchi University Recipient of the 2021 Representative of a Benevolent Person - Eight Virtues Award</p> <p>Experience: Chairman of Hsin Kuang Steel Co., Ltd. General Manager of Hsin Kuang Steel Co., Ltd.</p> <p>Positions Currently Held in Non-Profit Organization: Executive Director of Taiwan Steel &amp; Iron Industries Association Founder and Chairman of New Taipei City Private Hui Jung Welfare and Charity Foundation</p> <p>Chairman of Hsin Kuang Steel Tian-Cheng Charity Foundation Director of Century Green Energy Vocational Senior High School, Taoyuan City</p>	<p>1. Concurrently holds the position of director at an affiliated enterprise (wholly-owned subsidiary).</p> <p>2. A top 10 natural person shareholder of the Company.</p> <p>3. An institutional shareholder (Chairman of Han De Investment Co., Ltd.) who holds directly 5% or more of the Company's shares.</p>	0

Qualifications Name	Professional Qualification and Experience	Independence Status (Note 1)	Number of companies in which the person also serves as an independent director
Tian-Cheng Chang	<p>Education and Professional Qualification: Primary Agricultural School (predecessor of Mu Zha Junior High School)</p> <p>Experience: Chairman of Trickle Co., Ltd. Director of Hsin Kuang Steel Co., Ltd.</p> <p>Positions Currently Held in Non-Profit Organization: Director of Taipei City An Ho Social Welfare and Charity Foundation</p>	-	0
Ming-Shan Jheng	<p>Education and Professional Qualification: Junior high school</p> <p>Experience: Director and General Manager, Hsin Kuang Steel Co., Ltd. Vice General Manager of 2nd Operations Department of Hsin Kuang Steel Co., Ltd.</p> <p>Positions Currently Held in Non-Profit Organization: Director of New Taipei City Private Hui Jung Welfare and Charity Foundation Director of Hsin Kuang Steel Tian-Cheng Charity Foundation Director of Paradise Education Welfare Foundation Taoyuan</p>	-	0
Fisher C.H. Yu	<p>Education and Professional Qualification: EMBA, College of Management, National Chung Hsing University</p> <p>Experience: Director and Vice General Manager of Special Steels Department of Hsin Kuang Steel Co., Ltd.</p>	-	0
Johnathon Y.J. Su	<p>Education and Professional Qualification: Master of Science, Birkbeck, University of London</p> <p>Experience: Director and Vice General Manager of Operations Department of Hsin Kuang Steel Co., Ltd. Positions Currently Held in Non-Profit Organization: Director of New Taipei City Private Hui Jung Welfare and Charity Foundation</p>	-	0

<div>Qualifications</div> <div>Name</div>	Professional Qualification and Experience	Independence Status (Note 1)	Number of companies in which the person also serves as an independent director
Shih-Yang Chen	<p>Education and Professional Qualification: BA, Accounting Department, Soochow University Certified Public Accountant of the Republic of China</p> <p>Professional Experience: CPA, Chung Sun Certified Public Accountants Taipei Office 17th Vice Chairman, Taipei CPA Association Chairman, Tax Regulations Committee, National Federation of CPA Associations of the R.O.C. Deputy Chief Editor, Angle Review of Finance and Taxation Practices</p>	-	2
Winston Won	<p>Education and Professional Qualification: Bachelor of Economics, Department of Economics, National Taiwan University EMBA, College of Management, National Taiwan University Certified Public Accountant of the Republic of China</p> <p>Professional Experience: CPA and Director at Deloitte &amp; Touche</p> <p>Experience: Director of Ofuna Technology Co., Ltd. Chairman of Shao Rui Development Co., Ltd. Chairman of Ofuna Develop Technology Co., Ltd. Chief Operating Officer of Dar Harn Industry Co., Ltd. Supervisor of Oenix Biomed Co., Ltd. Remuneration Committee Member of Hsin Kuang Steel Co., Ltd. Remuneration Committee Member of Young Fast Optoelectronics Co., Ltd. Remuneration Committee Member of Max Zipper Co., Ltd. Independent Director and Chair of the Audit Committee and Remuneration Committee of Hsin Kuang Steel Co., Ltd. Independent Director and Audit Committee Member of Hold-Key Electric Wire &amp; Cable Co., Ltd. Independent Director and Chair of the Audit Committee and Remuneration Committee of Cica-Huntek Chemical Technology Taiwan Co., Ltd.</p>	Meet the independence requirements stated in Note 1 below.	2

<div>Qualifications</div> <div>Name</div>	Professional Qualification and Experience	Independence Status (Note 1)	Number of companies in which the person also serves as an independent director
Po-Young Chu	<p>Education and Professional Qualification:</p> <p>Ph.D. in Business Administration, Purdue University</p> <p>Professor, Republic of China</p> <p>Research Fellow, Chinese Society for Management of Technology</p> <p>Founder, Executive Master of Business Administration, National Chiao Tung University</p> <p>Founder, Venture and Innovation Program (VIP Program), National Chiao Tung University</p> <p>Honorary Top 10 EMBA Teachers in Taiwan in survey conducted by Cheers Magazine</p> <p>2012 Outstanding Teaching Award, National Yang Ming Chiao Tung University</p> <p>1987 Doctoral Dissertation Award, Western Decision Sciences Institute (WDSI)</p> <p>Havard Business School: Program on the Case Method and Participant-Centered Learning</p> <p>Babson College: Teaching Entrepreneurial Thought and Action</p> <p>Professional Experience:</p> <p>Adjunct Professor, Department of Management Science and EMBA Program, National Yang Ming Chiao Tung University</p> <p>Adjunct Professor, Department of Management Science and EMBA Program, National Chiao Tung University</p> <p>Professor, Department of Management Science, National Chiao Tung University and Dean, Aspire Academy</p> <p>Consultant of Chung-Hua Institution for Economic Research</p> <p>Consultant of Information and Communications Technology, Industrial Technology Research Institute</p> <p>Consultant of Optoelectronics, Industrial Technology Research Institute</p> <p>Consultant of Mechanics, Industrial Technology Research Institute</p>	Meet the independence requirements stated in Note 1 below.	3
Po-Young Chu	<p>— Project Involvement:</p> <p>A Comparative Study of the Competitive and Collaborative Strategies of Taiwan-USA IC Industries</p> <p>A Case Study of Tech Industry Management</p> <p>Co-opetition Strategies of Personal Computer Industry</p> <p>Hsinchu Science Park Development Trends and</p>		

<div>Qualifications</div> <div>Name</div>	Professional Qualification and Experience	Independence Status (Note 1)	Number of companies in which the person also serves as an independent director
	<p>Strategies</p> <p>Industrial Technology Research Institute (ITRI) Benefit Evaluation Model and Empirical Research Feasibility of DRAM and TFT-LCD Futures in Taiwan</p> <p>Branding Taiwan</p> <p>Does Independent Directors Matter? The Evidence From Taiwan Under the Global Financial Crisis of 2008</p> <p>Determinants of Intangible Assets Valuation and Its Impact on Risk and Return of Firms: Cross- Countries, Cross-Industries Comparisons</p> <p>Firm Scale, Intangible Assets, and Corporate Performance</p> <p>Open Business Model: Empirical Case Studies of Taiwanese and Foreign Firms</p> <p>Disruptive Innovation and Process: Comparing Taiwanese vs. Foreign Firms</p> <p>— Published Works</p> <p>Green Finance Enterprises: Creating a New Blue Ocean from IT to ET (published by Commonwealth Publishing Group in June 2012)</p> <p>Innovation Success (published by Linking Publishing in December 2006)</p> <p>A New Blue Ocean: The Success of 15 Taiwanese Firms in New Market Development (published by People's Press in April 2006)</p> <p>Blue Ocean Strategy: Taiwan (published by Commonwealth Publishing Group in February 2006)</p> <p>Business Growth Strategies for Asia Pacific (published by CITIC Press in 2005)</p> <p>Business Growth for Asia Pacific (published by CommonWealth Magazine in September 2005)</p> <p>Business Growth Strategies for Asia Pacific (John Wiley &amp; Sons Inc., 2005.4)</p> <p>Experience:</p> <p>Consultant, Philips Taiwan Limited</p> <p>Consultant, Cheng Shin Rubber Industry Co.</p> <p>Consultant, Yulon Motor Co., Ltd.</p> <p>Consultant, Walsin Lihwa Corporation</p> <p>Independent Director, Advantech Co., Ltd.</p> <p>Independent Director, Pixart Imaging Inc.</p> <p>Independent director, IC Plus Corp</p> <p>Independent Director, Sunplus Technology Co., Ltd.</p>		

Qualifications Name	Professional Qualification and Experience	Independence Status (Note 1)	Number of companies in which the person also serves as an independent director
	<p>Independent Director, Audit Committee Member, and Remuneration Committee Member of Cheng Shin Rubber Industry Co., Ltd.</p> <p>Independent director, Chilisin Electronics Corp.</p> <p>Independent Director and Member of the Audit Committee and Remuneration Committee of Hsin Kuang Steel Co., Ltd.</p> <p>Independent Director and Member of Audit Committee and Remuneration Committee of Polytronics Technology Corp.</p> <p>Independent Director and Member of Audit Committee and Remuneration Committee of E Ink Holdings Inc.</p> <p>Board Chairman of Mid Sun Light Technology Co., Ltd.</p> <p>Chairman, Amitos Inc.</p> <p>Chairman of Union Winner International Co., Ltd. (Cayman Islands)</p>		
Paul T.Y. Huang	<p>Education and Professional Qualification: BA in Business Administration, National Chengchi University</p> <p>Experience: Chairman of Chung Hung Steel Corporation Chairman of China Steel Global Trading Corporation Vice President of Commercial Division, China Steel Corporation Assistant Vice President of Commercial Division, China Steel Corporation Director/CEO of CSC Steel Sdn. Bhd. President of China Steel Global Trading Corporation Vice President of Commercial Division, China Steel Corporation Director, Taiwan Steel &amp; Iron Industries Association Honorary Consultant, Chung Hung Steel Corporation Consultant, Walsin Lihwa Corporation</p>	Meet the independence requirements stated in Note 1 below.	0
Wei-Tsung Liu	<p>Education and Professional Qualification: Bachelor of Laws, National Taiwan University</p> <p>Experience: Prosecutor of First Instance Head Prosecutor of First Instance Prosecutor of Second Instance, Chief Prosecutor of the District Prosecutors Office</p>	Meet the independence requirements stated in Note 1 below.	0
The Company's directors (including independent directors) do not have any of the situations specified in Article 30 of the Company Act.			

Note 1:

1. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.
2. Not serving concurrently as an independent director of more than three other public companies in total.
3. Not have been or be any of the following during the two years before being elected or during the term of office:
  - (1) An employee of the company or its affiliates;
  - (2) A director or supervisor of the company or any of its affiliates;
  - (3) A natural-person shareholder whose shareholding, together with those of his/her spouse, minor children, and shares held under others' names, exceed 1% of the total number of outstanding shares of the company, or ranks the person in the top ten shareholders of the company;
  - (4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the managers listed in subparagraph (1) or persons listed in subparagraphs (2) and (3);
  - (5) A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27 of the Company Act;
  - (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company;
  - (7) If the chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution;
  - (8) A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company; and
  - (9) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof, provided, this restriction does not apply to a member of the remuneration committee of the Company.

Diversity and Independence of the Board of Directors:

(I) Diversity of the board of directors:

1. Board Diversity Policy

- (1) The Company established a director selection system with open and just procedures for selecting and appointing directors, complying with the Company's Articles of Incorporation, Regulations Governing the Election of Directors, Corporate Governance Best Practice Principles, and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, as well as Article 14-2 of the Securities and Exchange Act.
- (2) The members of the Company's Board of Directors are nominated via rigorous selection processes, taking into consideration not only background diversity, professional competence and experience, but also their personal reputation on ethics and leadership. Directors who are also managers of the Company may not take up more than one-third of all seats. Standards for two aspects are formulated based on the Company's operations, operating dynamics, and development needs, one of which are basic qualifications and values (e.g., gender, age, nationality, and culture). The other is professional knowledge and skills: Professional background (e.g., business administration, finance, accounting, law, information technology, renewable energy, environmental protection, industrial engineering, and risk management), professional skills, and industry experience.
- (3) To achieve the goals of corporate governance, the Board of Directors must have (1) the ability to make sound business judgments, (2) ability to perform accounting and financial analysis, (3) business administration ability, (4) crisis management ability, (5) knowledge of the industry, (6) an international market perspective, (7) leadership, and (8) decision-making ability.

## 2. Specific Board diversity goals

The board of directors provides guidance on the Company's strategies, supervises management, is responsible for the Company and its shareholders, and ensures that it exercises its functions according to requirements of applicable laws and regulations and the Articles of Incorporation or decisions made during shareholders' meetings with regard to the respective operations and arrangements of the corporate governance system. Specific management goals are as follows:

- (1) The Company places a great emphasis on gender equality in Board composition, and aims to for at least one fifth of all directors to be female.
- (2) The Company's Board of Directors focuses on business judgment, business management, and crisis management abilities, and more than two-thirds of Board members have relevant core abilities.
- (3) The majority of independent directors shall not serve for more than three consecutive terms in order to maintain their independence.
- (4) Board members who are also employees of the Company shall not exceed one-third of the total number of directors to achieve the purpose of supervision.
- (5) Board members who have a spousal relationship or relationship within the second degree of kinship with any other director shall not exceed one fifth of the total number of directors to achieve the purpose of supervision.

## 3. Achievement of Board diversity

- (1) All of the Company's 10 directors are male. We will direct our efforts to increasing the number of female directors to achieve the goal.
- (2) None of the Company's four independent directors have served more than three consecutive terms and are independent.
- (3) Of the Company's directors, 30% are concurrently employees, and we will direct our efforts to reduce the percentage of directors who are also employees in the future to achieve the goal.
- (4) Directors who have a spousal relationship or relationship within the second degree of kinship with any other director account for 20% of the Company's directors. We will direct our efforts to reduce the percentage of directors with a spousal relationship or relationship within the second degree of kinship in the future to achieve the goal.
- (5) All of the Company's Board members are R.O.C. citizens and come from diverse backgrounds, including professional backgrounds in industry, academia, and accounting. They have experience in managing industry-leading companies and the knowledge, skills, literacy, and industry decision-making and management abilities required to perform their duties. Of the eight core abilities required by the Board of Directors as a whole to achieve corporate governance goals, Board members have 96% of the abilities required to perform their duties. Of the five core abilities that the Company attaches the most importance to, specifically the ability to make sound business judgments, business management ability, crisis management ability, knowledge of the industry, and an international market perspective, Board members of 96% of the abilities.

Name	Gender	Age	Concurrently an employee of the Company	Relative within the second degree of kinship	Ability to make sound business judgments.	Ability to perform accounting and financial analysis	Ability to manage a business.	Ability to respond to a crisis	Knowledge of the industry	An understanding of international markets	Leadership	Decision-making ability
Alexander M.T. Su	Male	71-75		✓	✓	✓	✓	✓	✓	✓	✓	✓
Tian-Cheng Chang	Male	91-95			✓	✓	✓	✓	✓	✓	✓	✓
Ming-Shan Jheng	Male	66-70	✓		✓	✓	✓	✓	✓	✓	✓	✓
Fisher C.H. Yu	Male	61-65	✓		✓	✓	✓	✓	✓	✓	✓	✓
Johnathon Y.J. Su	Male	36-40	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Shih-Yang Chen	Male	66-70			✓	✓	✓	✓		✓	✓	✓
Winston Won	Male	71-75			✓	✓	✓	✓	✓	✓	✓	✓
Po-Young Chu	Male	66-70			✓	✓	✓	✓	✓	✓	✓	✓
Paul T.Y. Huang	Male	71-75			✓	✓	✓	✓	✓	✓	✓	✓
Wei-Tsung Liu	Male	71-75			✓		✓	✓		✓	✓	✓

(6) The Company continues to arrange a variety of continuing education courses for board members, in order to improve the quality of their decisions, fulfill their supervision responsibility, and further strengthen Board functions.

(7) According to the laws of the R.O.C., the members of the Audit Committee shall consist of all Independent Directors. The Company's Audit Committee satisfies this statutory requirement. Furthermore, the Audit Committee annually conducts self-evaluations to assess the Committee's performance and discuss issues that require special attention in the future. The Audit Committee is empowered by its Charter to conduct any review or investigation it deems appropriate to fulfill its responsibilities. It has direct access to the company's internal auditors, Certifying CPA, and all employees of the Company. The Committee is authorized to retain and oversee legal, accounting, or other consultants to fulfill its mandate. The Audit Committee Charter is available on the Company's corporate website.

(II) Independence of the board of directors:

1. The Company's Board of Directors has ten members, including four independent directors (40%) and six non-independent directors (60%).
2. The ten members of the Company's Board of Directors come from diverse backgrounds, including professional backgrounds in industries, academia, and accounting. They are all citizens of Taiwan with experiences in managing industry-leading companies. The current board of directors consists of 4 independent directors (40%) and 6 non-independent directors (60%), in which 3 directors are employees/managers (30%) and 2 of the directors has a spouse or relative within the second degree of kinship who is also a director (20%), which complies with Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.
3. All independent directors meet requirements specified by the Financial Supervisory Commission,

and their independence is as follows:

Name	Is the individual, his/her spouse, and relatives within the second degree of kinship a director, supervisor, or employee of the Company or its affiliated enterprises?	Number of shares and shareholding percentage of the Company held by the individual, his/her spouse, and relative within the second degree of kinship	Is the individual a director, supervisor, or employee in a company that has a certain relationship with the Company?	Received compensation for providing commercial, legal, financial, accounting services to the Company or to any its affiliates within the preceding two years.
Winston Won	No	None	No	None
Po-Young Chu	No	None	No	None
Paul T.Y. Huang	No	None	No	None
Wei-Tsung Liu	No	Yes The individual: 600,000 shares (0.19%) Spouse: 40,000 shares (0.01%)	No	None
The Company's independent directors all meet the independence requirements set forth in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies within the two years before their appointment and during their term.				

(III) Succession plan and operations of Board members:

1. The Company's directors are elected by the shareholders' meeting using the candidate nomination system in accordance with the Company's "Articles of Incorporation" and "Regulations Governing the Election of Directors." The Board of Directors or shareholders holding more than 1% of shares shall, based on the Company's operations and future development needs, professional abilities of talents, and diversity policy, nominate suitable candidates for the next term from current directors, senior managers, and external professionals, and plan the most appropriate board structure and composition.
2. For the sound development of the Board of Directors and to strengthen corporate governance, the Company's Corporate Governance Best Practice Principles are referenced when planning successors. The composition of the Board of Directors must consider diversity. In addition to the number of directors who are concurrently managers of the Company not exceeding one third of all director seats, the Company also pays attention to the diversity of gender, age, and professional backgrounds (e.g., business administration, finance, accounting, law, information technology, environmental protection, industrial engineering, and risk management), and whether directors have the knowledge, experience, skills, and literacy required to perform their duties. To achieve the goals of corporate governance, the Board of Directors must have (1) the ability to make sound business judgments, (2) ability to perform accounting and financial analysis, (3) business administration ability, (4) crisis management ability, (5) knowledge of the industry, (6) an international market perspective, (7) leadership, and (8) decision-making ability.
3. The Company arranges continuing education courses for directors each year based on the Company's industry characteristics, directors' needs, and future trends, in order to enhance Board functions. The Company also arranges for senior managers to participate in continuing education to gain new knowledge, so that they have the professional knowledge, abilities, and literacy required for succession. In addition, to let senior managers understand operations of the Board of Directors, the Company regularly arranges for senior managers to attend board meetings to become familiar with operations of each unit and increase their participation experience.
4. An internal Board performance evaluation must be conducted at least once a year according to the "Regulations Governing Performance Evaluation of the Board of Directors and Managers" to implement corporate governance and enhance Board functions. The performance evaluation

mechanism ensures the effective operation of the Board of Directors, and Board performance evaluation results are referenced when nominating directors and selecting successors.

(IV) Succession plan for important managers and operations

1. In response to organizational development and the need for succession of supervisors at all levels, each unit sets the job level and number of supervisor positions based on business responsibilities, jurisdiction, importance, and attributes, which serve as the basis for talent cultivation, rotation, filling of vacancies, and promotions of managers. Regularly review operations and management manpower every year, and set the quota for at least one manager and one deputy for key management positions. For managers who will be changed or retire in the short term (1 to 5 years), we also plan and arrange for successor candidates to be trained in advance to ensure smooth transition between talent and business operations of each unit.
2. For the succession plan of important management positions, managers who have development potential with respect to expertise, leadership, operational planning, human resources, decision-making, and cost control, as well as the values and business philosophy of integrity, and show the corporate spirit of challenge, innovation, and teamwork, are evaluated through daily operations, task assignment, project implementation, and annual performance evaluation, and two to three managers with excellent performance are selected into the succession plan.
3. Potential successors gain experience through job rotation in the Group's business units, and continue to hone their management skills and expand their professional fields and international perspectives through project participation, serving as substitutes, participation in the Company's important business management meetings, receiving training through management courses, and cross-department (factory), cross-subsidiary or second-tier subsidiary, and cross-border rotation. Potential successors receive comprehensive training in strategy planning and business management abilities, and shoulder the important responsibility of sustaining sustainable operations.

(II) Information of General Manager, Vice General Manager, Assistant Vice Presidents, and Managers of Various Departments and Branch Offices

March 31, 2025

Title (Note 1)	Nationality	Name	Gender	Date Elected (Appointed)	Shareholding		Shares Held by Spouse and Underage Children		Shares Held in the Name of Other Persons		Education and Work Experiences (Note 2)	Positions Currently Held in Other Companies	Other Manager Who is the Spouse or a Relative within Second Degree of Kinship			Note (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
General Manager	Republic of China	Ming-Shan Jheng	Male	2023	1,812,999	0.56%	1,959	-	-	-	Junior high school Director and General Manager, Hsin Kuang Steel Co., Ltd.	Chairman of: Hsin Hua Steel Industry Co., Ltd. Director of: APEX Wind Power Equipment Manufacturing Co., Ltd. Han De Investment Co., Ltd. Hsin Ching International Co., Ltd. Century Wind Power Co., Ltd. New Taipei City Private Hui Jung Welfare and Charity Foundation Director of Hsin Kuang Steel Tian- Cheng Charity Foundation Director of Paradise Education Welfare Foundation Taoyuan Envirolink Corporation Yun-Shen Energies Recycling Tech. Co., Ltd.	None	None	None	None
Vice General Manager of Operations	Republic of China	Johnathon Y.J. Su	Male	2022	7,704,930	2.40%	340,000	0.11%	-	-	Master of Science, Birkbeck, University of London Director and Vice General Manager of Operations Department of Hsin Kuang Steel Co., Ltd.	Chairman of: Chairman of Cheng Yu Investment Co., Ltd. Director of: Hsin Kuang Steel Co., Ltd. Han De Investment Co., Ltd. Hui Jung Investment Co., Ltd. Mason Metal Industry Co., Ltd. SunnyRich Multifunction Solar Power Co., Ltd. New Taipei City Private Hui Jung Welfare and Charity Foundation Supervisor of: Yingfu Investment Corporation	None	None	None	None
Vice General Manager of Special Steel Operations	Republic of China	Fisher C.H. Yu	Male	2014	186,242	0.06%	-	-	-	-	EMBA, College of Management, National Chung Hsing University Director and Vice General Manager of Special Steels Department of Hsin Kuang Steel Co., Ltd.	Director of: Hsin Kuang Steel Co., Ltd. Hui Jung Investment Co., Ltd. Hsin Chi Optoelectronics Co., Ltd. New Taipei City Private Hui Jung Welfare and Charity Foundation	None	None	None	None

Title (Note 1)	Nationality	Name	Gender	Date Elected (Appointed)	Shareholding		Shares Held by Spouse and Underage Children		Shares Held in the Name of Other Persons		Education and Work Experiences (Note 2)	Positions Currently Held in Other Companies	Other Manager Who is the Spouse or a Relative within Second Degree of Kinship			Note (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Vice General Manager, 2nd Operations Department	Republic of China	Teng-Kuei Kao	Male	2014	-	-	-	-	-	-	Junior high school Vice General Manager of Project Engineering of Hsin Kuang Steel Co., Ltd.	Chairman of: Hsin Yuan Hsin Industry Co., Ltd. Director of: Hsin Ho Fa Metal Co., Ltd. Hsin Yuan Investment Co., Ltd.	None	None	None	None
Vice General Manager, 1st Operations Department	Republic of China	Frank C.C. Huang	Male	2023	53,038	0.02%	-	-	-	-	Master's degree Vice General Manager of 1st Operations Department of Hsin Kuang Steel Co., Ltd. General Manager of APEX Wind Power Equipment Manufacturing Co., Ltd.	APEX Wind Power Equipment Manufacturing Co., Ltd. Director and General Manager of the Company Director of Taiwan Sheng Tsai Industrial Co., Ltd.	None	None	None	None
Vice General Manager of Finance and Accounting	Republic of China	Jessica P.H. Liu	Female	2014	629,575	0.20%	-	-	-	-	Bachelor's degree Corporate Governance Officer of Hsin Kuang Steel Co., Ltd. CFO of Hsin Kuang Steel Co., Ltd. Chief Information Security Officer of Hsin Kuang Steel Co., Ltd. Spokesperson of Hsin Kuang Steel Co., Ltd.	Director of: Hsin Yuan Investment Co., Ltd. APEX Wind Power Equipment Manufacturing Co., Ltd. Hsin Ching International Co., Ltd. New Taipei City Private Hui Jung Welfare and Charity Foundation Supervisor of: Mason Metal Industry Co., Ltd. Hsin Chi Optoelectronics Co., Ltd. EnviroLink Corporation Ta Chang Tsuo Industrials Co., Ltd.	None	None	None	None
Vice President of Finance	Republic of China	Lisa H.C. Chien	Female	2021	191,497	0.06%	-	-	-	-	Bachelor's degree Vice President of Finance of Hsin Kuang Steel Co., Ltd.	Director of: Hsin Yuan Investment Co., Ltd. Supervisor of: Hsin Ching International Co., Ltd. Hsin Wei Solar Co., Ltd.	None	None	None	None
Assistant Vice President of Accounting	Republic of China	Daisy Y.H. Chen	Female	2019	-	-	-	-	-	-	Bachelor's degree Director at Deloitte & Touche Assistant Vice President of Accounting of Hsin Kuang Steel Co., Ltd.	None	None	None	None	None

Title (Note 1)	Nationality	Name	Gender	Date Elected (Appointed)	Shareholding		Shares Held by Spouse and Underage Children		Shares Held in the Name of Other Persons		Education and Work Experiences (Note 2)	Positions Currently Held in Other Companies	Other Manager Who is the Spouse or a Relative within Second Degree of Kinship (Note 3)		
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
Assistant Vice President of the Tapet Office	Republic of China	Kuo-San Yang	Male	2014	-	-	-	-	-	-	Bachelor's degree Assistant Vice President of 1st Operations Department of Hsin Kuang Steel Co., Ltd.	Director of: Mason Metal Industry Co., Ltd.	None	None	None
Special Steel Operations Assistant Vice President	Republic of China	Sung-Ru Yang	Male	2021	58,344	0.02%	-	-	-	-	Master's degree Assistant Vice President of Special Steel Operations at Hsin Kuang Steel Co., Ltd.	None	None	None	None
Guanyin Plant Director	Republic of China	Ri-Shi Ye	Male	2019	5,000	-	-	-	-	-	Bachelor's degree Guanyin Plant Director, Hsin Kuang Steel Co., Ltd.	None	None	None	None
Changbin Plant Director	Republic of China	Ming-Cun Yuan	Male	2020	-	-	-	-	-	-	Senior High School Changbin Plant Director, Hsin Kuang Steel Co., Ltd.	None	None	None	None
Kaohsiung Plant Director	Republic of China	Zhi-Cheng Kao	Male	2010	20,000	0.01%	-	-	-	-	Senior High School Kaohsiung Plant Director, Hsin Kuang Steel Co., Ltd.	None	None	None	None

Note 1: This table should include Information of the General Manager, vice general managers, assistant vice presidents, and managers of various departments and branch offices as well as disclose information of those with equivalent positions of the General Manager, vice general managers, and assistant vice presidents regardless of job title.

Note 2: Experience related to the current position. If the individual had served in the certifying CPA firm or an affiliated enterprise in the aforementioned period, the position and job functions shall be described.

Note 3: Where the chairperson and president or equivalent position (highest level manager) is the same person, the spouse, or a relative within the first degree of kinship, the reason, reasonableness, necessity, and response measures must be disclosed. None.

## II. Remunerations to Directors (including Independent Directors), Supervisors, General Manager, and Vice General Manager in the most recent year

### (I) Remuneration Paid to Directors and Independent Directors

December 31, 2024; Unit: NT\$ thousand; market value is in NT\$ and number of shares is in share units

Title	Name	Remuneration of Directors						Total remuneration (A+B+C+D) as a percentage of net income		Remuneration Paid to Concurrent Employees				Percentage of the total sums of A, B, C, D, E, F, and G on the net profit		Remuneration received from investee companies other than subsidiaries or the parent company				
		Remuneration (A)		Severance pay and pension(B)		Director's remuneration (C)				Fees for conducting business (D)										
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	Cash amount	Stock amount	The Company	All companies in the financial report (Note 7)		Cash amount	Stock amount		
Chairman	Alexander M.T. Su	3,617	4,116	-	-	-	3,042	60	210	3,677 (0.26%)	7,368 (0.51%)									
	(Representative of Han De Investment Co., Ltd.)	-	-	-	-	20,400	20,400	-	-	20,400 (1.41%)	20,400 (1.41%)									
Director	Tian-Cheng Chang	819	819	-	-	-	-	60	60	879 (0.06%)	879 (0.06%)									
	(Representative of Trickle Co., Ltd.)	-	-	-	-	6,000	6,000	-	-	6,000 (0.42%)	6,000 (0.42%)									
Director	Ming-Shan Jheng	-	630	-	-	8,000	8,000	60	60	8,060 (0.56%)	8,690 (0.60%)									
Director	Fisher C.H. Yu	-	-	-	-	3,001	3,363	60	90	3,061 (0.21%)	3,453 (0.24%)									
Director	Johnathon Y.J. Su	-	-	-	-	7,150	7,215	60	60	7,210 (0.50%)	7,275 (0.50%)									
Director	Shih-Yang Chen	-	-	-	-	1,250	1,250	60	60	1,310 (0.09%)	1,310 (0.09%)									
Independent Directors	Winston Won	-	-	-	-	500	500	618	618	1,118 (0.08%)	1,118 (0.08%)									
Independent Directors	Po-Young Chu	-	-	-	-	500	500	618	618	1,118 (0.08%)	1,118 (0.08%)									
Independent Directors	Paul T.Y. Huang	-	-	-	-	500	500	618	618	1,118 (0.08%)	1,118 (0.08%)									
Independent Directors	Wei-Tsung Liu	-	-	-	-	500	500	618	618	1,118 (0.08%)	1,118 (0.08%)									
Total		4,436	5,565	-	-	47,801	51,270	2,832	3,012	55,069 (3.83%)	59,847 (4.15%)	7,440	7,890	8,253	8,253	3,419	6,954	74,181 (5.14%)	82,944 (5.74%)	3,985

- The policy, system, standards and structure of the compensation of the Independent Directors and the relevance of the amount of remuneration paid to them based on factors such as responsibility, risk and time commitment:
  - According to the Company's Articles of Incorporation, the Board of Directors is authorized to determine the remuneration for the Chairman and Directors, taking into account the extent and value of the contribution to the management of the Company and the standards of the industry within the R.O.C.
  - The Articles of Incorporation also specifies that the Company shall appropriate no more than 3% of profits as director remuneration. The payment of the remuneration for directors shall be based on the individuals' participation in Company's operations and the value of their contributions and it shall be processed in accordance with the Company's "Directors and Managers Remuneration Policy".
- Except as disclosed above, remuneration received by directors in the latest year for on-balance sheet services (e.g. acting as a non-employee consultant) rendered to the company: None.

**Remuneration Range Table**

Remuneration Range Paid to Directors of the Company	Name of Director			
	Total amount for the 4 preceding remunerations (A+B+C+D)		Total amount for the 7 preceding remunerations (A+B+C+D+E+F+G)	
	The Company	All companies in the financial report (H)	The Company	All companies in the financial report (I)
Under NT\$1,000,000	Tian-Cheng Chang	Tian-Cheng Chang	Tian-Cheng Chang	Tian-Cheng Chang
NT\$ 1,000,000 (inclusive) to NT\$ 2,000,000 (exclusive)	Shih-Yang Chen, Winston Won, Po-Young Chu, Paul T.Y. Huang, Wei-Tsung Liu	Shih-Yang Chen, Winston Won, Po-Young Chu, Paul T.Y. Huang, Wei-Tsung Liu	Shih-Yang Chen, Winston Won, Po-Young Chu, Paul T.Y. Huang, Wei-Tsung Liu	Shih-Yang Chen, Winston Won, Po-Young Chu, Paul T.Y. Huang, Wei-Tsung Liu
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	Fisher C.H. Yu	Fisher C.H. Yu	-	-
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	Alexander M.T. Su	-	-	-
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	Trickle Co., Ltd., Ming-Shan Jheng, Johnathon Y.J. Su	Alexander M.T. Su, Trickle Co., Ltd., Ming-Shan Jheng, Johnathon Y.J. Su	Trickle Co., Ltd., Fisher C.H. Yu	Trickle Co., Ltd., Fisher C.H. Yu
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	-	-	Alexander M.T. Su, Ming-Shan Jheng, Johnathon Y.J. Su	Ming-Shan Jheng, Johnathon Y.J. Su
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	Han De Investment Co., Ltd.	Han De Investment Co., Ltd.	Han De Investment Co., Ltd.	Alexander M.T. Su, Han De Investment Co., Ltd.
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	12	12	12	12

## (II) Remunerations to President and Vice President

December 31, 2024; Unit: NT\$ thousand; market value is in NT\$ and number of shares is in share units

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and allowances, etc. (C)		Employee remuneration (D)			Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration received from investee companies other than subsidiaries or the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	Cash bonus	Stock bonus	The Company	All companies in the financial report	
Former general manager	Alexander M.T. Su <sup>Note 2</sup>												
General Manager	Ming-Shan Jheng												
Vice General Manager	Daniel Z.L. Xu <sup>Note 3</sup>												
Vice General Manager	Jessica P.H. Liu												
Vice General Manager	Fisher C.H. Yu	10,109	11,174	10,706	10,706	5,534	6,866	7,525	-		33,874 (2.35%)	42,043 (2.91%)	8,169
Vice General Manager	Teng-Kuei Kao												
Vice General Manager	Lisa H.C. Chien												
Vice General Manager	Johnathon Y.J. Su												
Vice General Manager	Frank C.C. Huang												
Total													

Note 1: Policies, standards, and packages for payment of remuneration for managers, procedures, and its linkage to business performance and future risk exposure:

The remuneration paid to the Company's General Manager and Vice General Managers shall be proposed by the Chairman based on their roles, positions, participation in operations, value of contribution, the Company's performance in the current year, and consideration for the Company's future risks. The proposal shall be submitted to the Remuneration Committee for review and delivered to the Board of Directors for approval. The remuneration paid to other managers shall be proposed by the General Manager and the proposal shall be submitted to the Remuneration Committee for review and delivered to the Board of Directors for approval.

Note 2: The former general manager, Mr. Alexander M.T. Su, was elected as the chairman by the Board of Directors on August 7, 2023, and was relieved of the position of general manager for clearer division of authority and responsibilities between the chairman and general manager.

Note 3: Deputy General Manager Mr. Daniel Z.L. Xu applied for retirement on February 29, 2024. The amount reported in the table above is the remuneration received while holding the position before retirement.

Note 4: Total remuneration paid by the Company to managers in 2024 accounted for 2.35% of net profit after tax in the 2024 standalone financial statements. Total remuneration paid by all companies in the financial statements to managers in 2024 accounted for 2.91% of the net profit after tax in 2024.

Remuneration Range Table

Range of Remuneration Paid to General Managers and Vice General Managers	Names of General Manager or Vice General Manager	
	The Company	All Companies in Consolidated Statements (E)
Under NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	-	-
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	Fisher C.H. Yu, Lisa H.C. Chien, Johnathon Y.J.Su, Teng-Kuei Kao, Frank C.C. Huang, Daniel Z.L. Xu <sup>Note 2</sup>	Fisher C.H. Yu, Lisa H.C. Chien, Daniel Z.L. Xu <sup>Note 2</sup>
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	Ming-Shan, Jheng, Jessica P.H. Liu	Jessica P.H. Liu, Johnathon Y.J.Su, Teng-Kuei Kao, Frank C.C. Huang
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	Alexander M.T. Su <sup>Note 1</sup>	Ming-Shan Jheng
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	-	Alexander M.T. Su <sup>Note 1</sup>
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	-	-
Over NT\$100,000,000	-	-
Total	9	9

Note 1: The former general manager, Mr. Alexander M.T.Su, was elected as the chairman by the Board of Directors on August 7, 2023, and was relieved of the position of general manager for clearer division of authority and responsibilities between the chairman and general manager.

Note 2: Deputy General Manager Mr. Daniel Z.L. Xu applied for retirement on February 29, 2024. The amount reported in the table above is the remuneration received while holding the position before retirement.

(III) Remuneration paid to top five management personnel

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and allowances, etc. (C)		Employee remuneration (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration received from investee companies other than subsidiaries or the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
Former general manager	Alexander M.T. Su <sup>Note 1</sup>							Cash amount	Stock amount	Cash amount	Stock amount	21,602 (1.50%)	27,082 (1.88%)	5,708
General Manager	Ming-Shan Jheng													
Vice General Manager	Jessica P.H. Liu	6,572	6,572	8,253	8,253	2,914	3,414	3,863	-	8,843	-			
Vice General Manager	Johnathon Y.J. Su													
Vice General Manager	Teng-Kuei Kao													
Total														

Note 1: The former general manager, Mr. Alexander M.T.Su, was elected as the chairman by the Board of Directors on August 7, 2023, and was relieved of the position of general manager for clearer division of authority and responsibilities between the chairman and general manager.

(IV) Names of the Managers who Distributed Employee Remuneration and the Distribution Status

December 31, 2024;

Unit: NT\$ thousand; market value is in NT\$ and number of shares is in share units

	Title	Name	Stock amount	Cash amount	Total	Percentage of total bonuses to net profit after tax (%)
Manager	General Manager	Ming-Shan Jheng	-	7,595	7,595	0.53%
	Vice General Manager of Special Steel Operations	Fisher C.H. Yu				
	Vice General Manager of Operations	Teng-Kuei Kao				
	Vice General Manager of Operations	Johnathon Y.J. Su				
	Vice General Manager of Operations	Frank C.C. Huang				
	Vice General Manager of Finance and Accounting	Jessica P.H. Liu				
	Vice President of Finance	Lisa H.C. Chien				
	Assistant Vice President of Accounting	Daisy Y.H. Chen				
	Total					

- (V) Analyze the total remuneration paid by the Company and all companies in the consolidated financial statements to the Company's directors, president, and vice presidents in the past two years as a percentage of net profit after tax in the standalone financial statements, and describe the correlation between the remuneration policy, standards, combination, procedures, business performance, and future risks:

Title	Ratio of total remuneration to net profit after tax in the Individual Financial Report %			
	2023		2024	
	The Company	All Companies in Consolidated Statements	The Company	All Companies in Consolidated Statements
Remuneration to Directors	4.44%	4.91%	5.14%	5.74%
Remunerations to General Manager and Vice General Managers	2.03%	2.38%	2.35%	2.91%

- (1) Policies, standards, and packages for payment of remuneration for directors, procedures, and their connections to business performance and future risk exposure:  
According to the Company's Articles of Incorporation, the Board of Directors is authorized

to determine the remuneration for the Chairman and Directors, taking into account the extent and value of the contribution to the management of the Company and the standards of the industry within the R.O.C. The Articles of Incorporation also specifies that the Company shall appropriate no more than 3% of profits as director remuneration. The payment of the remuneration for directors shall be based on the individuals' participation in Company's operations and the value of their contributions and it shall be processed in accordance with the Company's "Directors and Managers Remuneration Policy".

- (2) Policies, standards, and packages for payment of remuneration for managers, procedures, and its linkage to business performance and future risk exposure:

The remuneration paid to the Company's General Manager and Vice General Managers shall be proposed by the Chairman based on their roles, positions, participation in operations, value of contribution, the Company's performance in the current year, and consideration for the Company's future risks. The proposal shall be submitted to the Remuneration Committee for review and delivered to the Board of Directors for approval. The remuneration paid to other managers shall be proposed by the General Manager and the proposal shall be submitted to the Remuneration Committee for review and delivered to the Board of Directors for approval.

### **III. Implementation of corporate governance**

#### **(I) Operations of the Board of Directors**

The Company established a director selection system with open and just procedures for selecting and appointing directors, complying with the Company's Articles of Incorporation, Regulations Governing the Election of Directors, Corporate Governance Best Practice Principles, and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, as well as Article 14-2 of the Securities and Exchange Act.

The Company's Board of Directors consists of ten members from diverse backgrounds in industries, academia, accounting, etc. They have a great breadth of experience as world-class business leaders or professionals. We rely on them for their diverse knowledge, personal perspectives, and solid business judgment. The current board of directors consists of 4 independent directors (40%) and 6 non-independent directors (60%), in which 3 directors are employees/managers (30%) and 2 of the directors has a spouse or relative within the second degree of kinship who is also a director (20%), which complies with Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.

The Company advocates and acts upon the principles of operational transparency and respect for shareholder rights. According to the laws of the R.O.C., the members of the Audit Committee shall consist of all Independent Directors. The Company's Audit Committee satisfies this statutory requirement. The Audit Committee also engaged a financial expert consultant in accordance with the rules of the R.O.C. Financial Supervisory Commission. The Audit Committee annually conducts self-evaluation to assess the Committee's performance and discuss issues that require special attention in the future.

The Audit Committee is empowered by its Charter to conduct any review or investigation it deems appropriate to fulfill its responsibilities. It has direct access to the company's internal auditors, Certifying CPA, and all employees of the Company. The Committee is authorized to retain and oversee legal, accounting, or other consultants to fulfill its mandate. The Audit Committee Charter is available on the Company's corporate website.

In 2024, the average attendance rate of Directors in board meetings was 100%. The attendance rates of members of the Audit Committee and Remuneration Committee were 100% and 100%, respectively.

Chairman Alexander M.T. Su convened a total of six (A) meetings of the Board of Directors in 2024 and the attendance was as follows:

Title	Name	Attendance (Voting and Non-Voting) in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Note
Chairman	Alexander M.T. Su	6	0	100%	
Director	Representative of Han De Investment Co., Ltd.: Alexander M.T. Su	6	0	100%	
Director	Representative of Trickle Co., Ltd.: Tian-Cheng Chang	6	0	100%	
Director	Ming-Shan Jheng	6	0	100%	
Director	Fisher C.H. Yu	6	0	100%	
Director	Johnathon Y.J. Su	6	0	100%	
Director	Shih-Yang Chen	6	0	100%	
Independent Directors	Winston Won	6	0	100%	
Independent Directors	Po-Young Chu	6	0	100%	
Independent Directors	Paul T.Y. Huang	6	0	100%	
Independent Directors	Wei-Tsung Liu	6	0	100%	

Other details that need to be recorded in meeting minutes:

Items specified in Article 14-3 of the Securities and Exchange Act and other items that should be recorded:

I. (I) Items specified in Article 14-3 of the Securities and Exchange Act

Date of Meeting (Term and Session)	Agenda	Opinions of all Independent Directors and the Company's handling of said opinions
February 27, 2024 (4th meeting of the 16th term)	Passed the monthly salary structure and payment amount of the chairman. Passed the retirement of department managers. Passed the amendment to the Rules of Procedure for the Board of Directors' Meetings. Passed the amendment to the "Regulations Governing the Exercise of Powers by Audit Committee." Passed the Regulations Governing Financial and Business Transactions Between Related Parties.	Approved by all Independent Directors
May 7, 2024 (6th meeting of the 16th term)	Passed the proposal to lease real estate and equipment to related parties.	Approved by all Independent Directors
November 5, 2024 (8th meeting of the 16th term)	Passed the amendment to the "Regulations Governing the Exercise of Powers by Audit Committee." Passed the renewal of liability insurance for directors, supervisors, and important corporate officers in 2025. Passed the replacement of accountants by Deloitte to audit the Company's financial statements.	Approved by all Independent Directors
December 17, 2024 (9th meeting of the 16th term)	Proposal to apply for a credit facility from a financial institution to meet operational needs. Proposal to donate NT\$12 million to the Hsin Kuang Steel Tian-Cheng Charity Foundation in 2025 for use in charitable social welfare projects that meet the purpose of the Foundation. Proposal to make a donation to Century Green Energy Vocational Senior High School in Taoyuan City through the Private School Promotion Foundation. Proposal to review the Company's internal control system. Proposal to review the amendment to the Company's Internal Audit Implementation Rules. Proposal to review the 2025 annual internal audit plan	Approved by all Independent Directors

(II) Other resolutions adopted by the Board of Directors to which an Independent Director has a dissenting opinion, qualified opinion or major suggestion that is on record or stated in a written statement: None.

II. Recusals of Independent Directors due to conflicts of interests: None.

III. Independent Directors' communication with internal auditors and CPAs (including communication over the Company's financial and business status and the methods and results, etc.)

- (I) The Company's internal chief internal auditor periodically communicates with the Audit Committee on the results of the audit reports and the chief internal auditor also formulates the Internal Audit Report in the meeting of the Audit Committee each quarter. The chief internal auditor reports to the Audit Committee promptly in the event of special conditions. There were no such special conditions in 2024. The Company's Audit Committee and the chief internal auditor have maintained good communications.
- (II) The Company's certifying CPA reports the results of the audit or examination of the financial statements of the current quarter as well as other items that require communication based on regulatory requirements in the meetings of the Audit Committee each quarter. The chief internal auditor reports to the Audit Committee promptly in the event of special conditions. There were no such special conditions in 2024. The Company's Audit Committee and CPAs have maintained good communications.

(III) Communication between Independent Directors and internal auditors and certifying CPA are specified in the Table below:

Date of Audit Committee Meeting (Term and Session)	Communication with the chief internal auditor	Communication with the certifying CPA
February 27, 2024 (4th meeting of the 3rd term)	Report on audit results for October to December 2023. Discuss the 2023 Statement on Internal Control.	Supplementary explanation of the Company's 2023 Q4 financial statements provided by the accountants. Report on the 2023 internal control audit by the accountants. Report on recent regulatory changes. The accountants discussed and communicated issues raised by attendees of the meeting.
May 7, 2024 (6th meeting of the 3rd term)	Report on audit results for January to March 2024.	
August 6, 2024 (7th meeting of the 3rd term)	Report on audit results for April to June 2024.	
November 5, 2024 (8th meeting of the 3rd term)	Report on audit results for July to September 2024	Reviewed the experience, performance, and independence of certifying CPAs. Report on recent regulatory changes. The accountants discussed and communicated issues raised by attendees of the meeting.
December 3, 2024 (9th meeting of the 3rd term)	Discuss the 2025 audit plan.	The accountants provided supplementary explanations of the Company's 2023 Q3 financial statements and explained the audit plan for the 2024 Q4 financial statements, including any issues or difficulties in audits and responses from management. Report on recent regulatory changes. The accountants discussed and communicated issues raised by attendees of the meeting.

IV. The company listed on TWSE/TPEX shall disclose the evaluation cycle and duration, scope of evaluation, methodology, and evaluation contents of the evaluation of the Board of Directors. Refer to the evaluation status of the Board of Directors for details.

V. An evaluation of the goals set for strengthening the functions of the Board and implementation status during the current and immediately preceding fiscal years:

- Four out of the ten directors of the Company are independent directors and the number of independent directors is 40% of the entire Board.
- The Audit Committee and Remuneration Committee established with the authorization of the Company's Board of Directors assist the Board of Directors in the performance of their supervisory duties. The two committees consist of the four independent directors. The Chairman of each Committee periodically reports their activities and resolutions to the Board.

## Board of Directors evaluation status

Evaluation Cycle	Once every year
Evaluation Period	January 1, 2024 to December 31, 2024
Scope of Evaluation	Performance evaluation of the Board of Directors and individual Directors
Evaluation Method	Evaluations are conducted through the "Board of Directors Performance Self-Evaluation Questionnaire" and "Board Member Performance Self-Evaluation Questionnaire"
Evaluation Content	<p>The Company's 2024 board performance evaluation includes the following six aspects. The Board of Directors actively participates in company operations and is responsible for providing guidance and supervising company strategies, major operations, and risk management. The Board of Directors established an appropriate internal control system and provides guidance for the Company's ESG strategies, in which the Board of Directors received an "Excellent" rating in 41 items with the overall score: Percentile rank of 96%. The chairman commented: "The Board of Directors continues to operate effectively and implements corporate governance, operations, internal controls, and ESG."</p> <p>The Company's 2024 Board member performance evaluation includes the following six aspects. Board members actively participate in company operations, fulfill their responsibilities of providing guidance and supervising company strategies, major operations, and risk management. After reviewing the internal control system, Board members received an "Excellent" rating in 25 items with the overall score: Percentile rank of 96.6%.</p>

## (II) Operations of the Audit Committee

The chair of the Audit Committee Winston Won convened a total of 7 meetings between January 1, 2024 and March 31, 2025. In addition to the aforementioned meeting, the members of the Audit Committee, the certifying accountant, the chief internal auditor, and managers conducted three communication meetings to review the results of the audit (examination) of the financial report and the Internal Control Audit Report compiled by the Company in accordance with the laws and regulations of the Republic of China. They also discussed and communicated on the applicability of certain accounting principles and the impact of newly-amended laws.

### 1. The attendance of the members of the Audit Committee

The chair of the Audit Committee Winston Won convened a total of 7 (A) meetings between January 1, 2024 and March 31, 2025, and the attendance was as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Note
Independent Directors	Winston Won	7	0	100%	None
Independent Directors	Po-Young Chu	7	0	100%	None
Independent Directors	Paul T.Y. Huang	7	0	100%	None
Independent Directors	Wei-Tsung Liu	7	0	100%	None

## 2. Operations of the Audit Committee

Date of Meeting	Important agenda content	Resolution of independent directors	Response of the Company to the independent director opinion(s)
February 27, 2024 (4th meeting of the 3rd term)	<p>Approved the Company's derivative financial product contract performance report for November 27, 2023 to February 18, 2024.</p> <p>Approved the Company's audit plan and implementation status for 2023 Q4 (October 2023 to December 2023).</p> <p>Approved the Company's 2023 "Internal Control Effectiveness Evaluation" and "Statement on Internal Control."</p> <p>Approved the proposal to establish the Company's Regulations Governing Financial and Business Transactions Between Related Parties.</p> <p>Approved the Company's distribution of remuneration to Directors and employees for 2023.</p> <p>Approved the Company's 2023 financial statements.</p> <p>Approved the Company's 2023 earnings distribution proposal.</p>	Proposal approved as proposed by all members	Submitted to the Board of Directors and approved by all directors in attendance
March 12, 2024 (5th meeting of the 3rd term)	Approved the Company's 2023 earnings distribution proposal.	Proposal approved as proposed by all members	Submitted to the Board of Directors and approved by all directors in attendance
May 7, 2024 (6th meeting of the 3rd term)	<p>Approved the Company's derivative financial product contract performance report for February 19, 2024 to April 28, 2024.</p> <p>Approved the Company's audit plan and implementation status for 2024 Q1 (January 2024 to March 2024).</p> <p>Approved the Company's 2024 Q1 financial statements.</p> <p>Approved the report on the Company's accounts receivables that meet the criteria and whether other loans constitute lending to others.</p> <p>Ratified the Company's participation in the cash capital increase of investee company [Century Huaxin Wind Energy Co., Ltd.].</p> <p>Ratified the Company's continued lease of parts of the Changbin Plant (including the office building) to [APEX Wind Power Equipment Manufacturing Co., Ltd.].</p> <p>Ratified the Company's lease of "Taoyuan Fulin No. 168 Logistics Warehouse" to [Best Logistics Limited].</p> <p>Approved the proposal for the Company to lease "real estate and equipment in Taibao, Chiayi" to [Hsin Yuan Hsin Industry Co., Ltd.].</p>	Proposal approved as proposed by all members	Submitted to the Board of Directors and approved by all directors in attendance
August 6, 2024 (7th meeting of the 3rd term)	<p>Approved the Company's derivative financial product contract performance report for April 29, 2024 to July 26, 2024.</p> <p>Approved the Company's audit plan and implementation status for 2024 Q2 (April 2024 to June 2024).</p> <p>Approved the Company's 2024 Q2 financial statements.</p> <p>Approved the report on the Company's accounts receivables that meet the criteria and whether other loans constitute lending to others.</p> <p>Approved the amendment to the "General Principles and Methods for Pre-approval for Non-assurance Services," which is the basis for the Company to pre-approve non-assurance services provided by the accountants, their accounting firm, and affiliated enterprises to the Company and its subsidiaries.</p> <p>Approved the Company's plan to increase investment in Century Wind Power Co., Ltd. by no more than NT\$315.9 million.</p> <p>Approved the Company's 2023 Sustainability Report.</p> <p>Approved the Company's plan to increase investment in Hsin Yuan Hsin Industry Co., Ltd. by NT\$10 million.</p>	Proposal approved as proposed by all members	Submitted to the Board of Directors and approved by all directors in attendance
November 5, 2024	Approved the Company's derivative financial product contract	Proposal	Submitted to the

Date of Meeting	Important agenda content	Resolution of independent directors	Response of the Company to the independent director opinion(s)
(8th meeting of the 3rd term)	<p>performance report for July 26, 2024 to October 26, 2024.</p> <p>Approved the Company's audit plan and implementation status for 2024 Q3 (July 2024 to September 2024).</p> <p>Approved the Company's 2024 Q3 financial statements.</p> <p>Approved the replacement of accountants by Deloitte to audit the Company's financial statements.</p> <p>Approved the report on the Company's accounts receivables that meet the criteria and whether other loans constitute lending to others.</p> <p>Approved the renewal of liability insurance for the Company's directors, supervisors, and important corporate officers in 2025.</p> <p>Approved the amendment to the Company's "Operating Procedures for the Preparation and Verification of Sustainability Reports."</p>	approved as proposed by all members	Board of Directors and approved by all directors in attendance
December 3, 2024 (9th meeting of the 3rd term)	<p>Approved the Company's derivative financial product contract performance report for October 27, 2024 to November 24, 2024.</p> <p>Approved the Company's pre-approval for the accountants, their accounting firm, and affiliated enterprises to provide non-assurance services to the Company and its subsidiaries.</p> <p>Approved the proposal for the Company to apply for a credit facility from a financial institution to meet operational needs.</p> <p>Approved the Company's appropriation of NT\$12 million for donation to the Hsin Kuang Steel Tian-Cheng Charity Foundation in 2025 for use in charitable social welfare projects that meet the purpose of establishment of the Foundation.</p> <p>Approved the proposal for the Company to make a donation to Century Green Energy Vocational Senior High School in Taoyuan City through the Private School Promotion Foundation.</p> <p>Approved the proposal for the Company to invest in "Sunny Friendly Energy Co., Ltd."</p> <p>Approved the proposal to establish the Company's "Sustainability Information Management Procedure."</p> <p>Approved the proposal to establish the Company's "Internal Control System Manual."</p> <p>Approved the proposed amendment to the Company's "Internal Audit Implementation Rules."</p> <p>Approved the Company's internal audit operations and inspection plans for 2025.</p> <p>Approved the proposed amendment to the Company's "Regulations for Internal Control Self-Evaluations."</p>	Proposal approved as proposed by all members	Submitted to the Board of Directors and approved by all directors in attendance
February 25, 2025 (10th meeting of the 3rd term)	<p>Approved the Company's 2024 Q4 audit report and audit follow-up report.</p> <p>Approved the Company's 2024 "Internal Control Effectiveness Evaluation" and "Statement on Internal Control."</p> <p>Approved the Company's business plan for 2025.</p> <p>Approved the Company's derivative financial product contract performance report for November 25, 2024 to February 14, 2025.</p> <p>Approved the proposal to discuss if the Company's accounts receivables that meet the criteria and other loans constitute lending to others.</p> <p>Approved the Company's 2024 business report, consolidated financial statements, and standalone financial statements.</p> <p>Approved the Company's 2024 earnings distribution proposal.</p> <p>Approved the Company's appointment of the CPAs for 2025 and the resolution on their remuneration.</p>	Proposal approved as proposed by all members	Submitted to the Board of Directors and approved by all directors in attendance

Other details that need to be recorded in meeting minutes:

I. The date of the Audit Committee meeting, the term, contents of the proposals, dissenting or qualified opinions given by independent directors or contents of major proposed items, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be recorded under the following circumstances in the operations of the Audit Committee meeting.

(I) Items specified in Article 14-5 of the Securities and Exchange Act and other items that should be recorded:

Date of Audit Committee Meeting (Term and Session)	Agenda	Opinions of all Independent Directors and the Company's handling of said opinions
February 27, 2024 (4th meeting of the 3rd term)	Approved the Company's 2023 "Internal Control Effectiveness Evaluation" and "Statement on Internal Control." Approved the proposal to establish the Company's Regulations Governing Financial and Business Transactions Between Related Parties. Approved the Company's distribution of remuneration to Directors and employees for 2023. Approved the Company's 2023 financial statements. Approved the Company's 2023 earnings distribution proposal.	Approved by all Independent Directors
March 12, 2024 (5th meeting of the 3rd term)	Approved the Company's 2023 earnings distribution proposal.	Approved by all Independent Directors
May 7, 2024 (6th meeting of the 3rd term)	Ratified the Company's participation in the cash capital increase of investee company [Century Huaxin Wind Energy Co., Ltd.]. Ratified the Company's continued lease of parts of the Changbin Plant (including the office building) to [APEX Wind Power Equipment Manufacturing Co., Ltd.]. Ratified the Company's lease of "Taoyuan Fulin No. 168 Logistics Warehouse" to [Best Logistics Limited]. Approved the proposal for the Company to lease "real estate and equipment in Taibao, Chiayi" to [Hsin Yuan Hsin Industry Co., Ltd.].	Approved by all Independent Directors
August 6, 2024 (7th meeting of the 3rd term)	Approved the Company's 2024 Q2 financial statements. Approved the amendment to the "General Principles and Methods for Pre-approval for Non-assurance Services," which is the basis for the Company to pre-approve non-assurance services provided by the accountants, their accounting firm, and affiliated enterprises to the Company and its subsidiaries. Approved the Company's plan to increase investment in Century Wind Power Co., Ltd. by no more than NT\$315.9 million. Approved the Company's 2023 Sustainability Report. Approved the Company's plan to increase investment in Hsin Yuan Hsin Industry Co., Ltd. by NT\$10 million.	Approved by all Independent Directors
November 5, 2024 (8th meeting of the 3rd term)	Approved the replacement of accountants by Deloitte to audit the Company's financial statements. Approved the renewal of liability insurance for the Company's directors, supervisors, and important corporate officers in 2025. Approved the amendment to the Company's "Operating Procedures for the Preparation and Verification of Sustainability Reports."	Approved by all Independent Directors
December 3, 2024 (9th meeting of the 3rd term)	Approved the Company's donation of NT\$12 million to the Hsin Kuang Steel Tian-Cheng Charity Foundation in 2025. Approved the proposal for the Company to donate NT\$7 million to Century Green Energy Vocational Senior High School in Taoyuan City through the Private School Promotion Foundation. Approved the proposal for the Company to invest in "Sunny	Approved by all Independent Directors

		Friendly Energy Co., Ltd." Approved the proposal to establish the Company's "Sustainability Information Management Procedure." Approved the proposal to establish the Company's Internal Control System Manual. Approved the proposed amendment to the Company's "Internal Audit Implementation Rules." Approved the Company's internal audit operations and inspection plans for 2025. Approved the proposed amendment to the Company's "Regulations for Internal Control Self-Evaluations."	
	February 25, 2025 (10th meeting of the 3rd term)	Approved the Company's 2024 "Internal Control Effectiveness Evaluation" and "Statement on Internal Control." Approved the proposal to establish the Company's Regulations Governing Financial and Business Transactions Between Related Parties. Approved the Company's distribution of remuneration to Directors and employees for 2024. Approved the Company's 2024 financial statements. Approved the Company's 2024 earnings distribution proposal.	Approved by all Independent Directors
The Company's handling of Audit Committee members' opinions: All members of the Audit Committee approved the agenda items above, and matters were handled according to recommendations.			
(II) In addition to matters above, other resolutions that have not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire Board of Directors: None.			
II. If independent directors recused from themselves from an agenda item in which they have a conflict of interest, specify the name of the independent director, agenda item, reason for recusal, and participation in voting: None.			
III. Communication between independent directors, the chief internal auditor, and the accountants:			
(I) The Company's internal chief internal auditor periodically communicates with the Audit Committee on the results of the audit reports and the chief internal auditor also formulates the Internal Audit Report in the meeting of the Audit Committee each quarter. The chief internal auditor reports to the Audit Committee promptly in the event of special conditions. There were no such special conditions in 2024. The Company's Audit Committee and the chief internal auditor have maintained good communications.			
(II) The Company's certifying CPA reports the results of the audit or examination of the financial statements of the current quarter as well as other items that require communication based on regulatory requirements in the meetings of the Audit Committee each quarter. The chief internal auditor reports to the Audit Committee promptly in the event of special conditions. There were no such special conditions in 2024. The Company's Audit Committee and CPAs have maintained good communications.			
(III) Communication between independent directors and the chief internal auditor and accountants are specified in the table below:			
Date of Audit Committee Meeting (Term and Session)	Communication with the chief internal auditor	Communication with the certifying CPA	
February 27, 2024 (4th meeting of the 3rd term)	Report on audit results for October to December 2023. Discuss the 2023 Statement on Internal Control.	The accountants provided supplementary explanations of the Company's 2023 financial statements and communicated key audit matters of the audit report. Report on the 2023 internal control audit by the accountants. Report on recent regulatory changes. The accountants discussed and communicated issues raised by attendees of the meeting.	

May 7, 2024 (6th meeting of the 3rd term)	Report on audit results for January to March 2024.	
August 6, 2024 (7th meeting of the 3rd term)	Report on audit results for April to June 2024.	
November 5, 2024 (8th meeting of the 3rd term)	Report on audit results for July to September 2024.	The accountants were replaced due to internal organizational adjustments of Deloitte, and the qualifications, performance, and independence of the accountants were reviewed. Report on recent regulatory changes. The accountants discussed and communicated issues raised by attendees of the meeting.
December 3, 2024 (9th meeting of the 3rd term)	Discuss the 2025 audit plan.	The accountants provided supplementary explanations of the Company's 2024 Q3 financial statements and explained the audit plan for the 2024 financial statements, including any issues or difficulties in audits and responses from management. Report on recent regulatory changes. The accountants discussed and communicated issues raised by attendees of the meeting.
February 25, 2025 (10th meeting of the 3rd term)	Report on audit results for October to December 2024. Discuss the 2023 Statement on Internal Control.	The accountants provided supplementary explanations of the Company's 2024 financial statements and communicated key audit matters of the audit report. 2024 Audit Quality Indicators Report. Deloitte Taiwan Quality Management system. Report on the 2024 internal control audit by the accountants. Report on recent regulatory changes. The accountants discussed and communicated issues raised by attendees of the meeting.

Results: The aforementioned items have been reviewed or approved by the Audit Committee with no objections from the Independent Directors.

(III) Differences and Reasoning for the Status of Corporate Governance and Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies:

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
I. Has the Company established and disclosed its code of practice on corporate governance based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company established Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies established by TWSE and TPEX. The Corporate Governance Best Practice Principles is available on the Company's website for inquiry by shareholders. The Company's corporate governance system complies with related laws and regulations. We have established an effective corporate governance framework, protect the rights and interests of shareholders, strengthen board competencies, respect the rights and interests of stakeholders, and increase information transparency.
II. Shareholding structure & shareholders' rights	✓		No deviation
(I) Has the Company set internal operations procedures for dealing with shareholder proposals, doubts, disputes, and litigation as well as implemented those procedures through the proper procedures?			(I) The Company appointed dedicated personnel for investor relations, the spokesperson and acting spokesperson receive suggestions, questions, and handle disputes of shareholders, or refer shareholders to related departments based on the type of question. There have not been any lawsuits with shareholders.
(II) Did the company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?	✓		(II) The Company has appointed a corporate governance supervisor and professional stock affairs agency, and monitors the shareholding of directors, managerial officers, and major shareholders with 10% and above shares, which is reported each month on the Market Observation Post System designated by the Financial Supervisory Commission.
(III) Did the company establish and enforce risk control and firewall systems with its affiliate enterprises?	✓		(III) The Company has established related control mechanisms in and firewalls its internal control system, " Regulations Governing Financial and Business Transactions Between Related Parties," and "Transaction Procedures with Related Parties, Specific Companies, and Companies of the Group" in accordance with the law. Business and financial dealings

Evaluation Item	Implementation Status		Deviation from the Corporate Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			Summary  between the Company and an affiliate are treated as dealings with an independent third party to prevent non-arm's-length transactions. The Company's finances are independent from affiliated enterprises, and dealings with banks and use of credit limit are also independent. Payables and receivables between affiliated enterprises are all collected and paid on time.
(IV) Did the company establish internal regulations stipulating that employees shall not use undisclosed information to engage in the transaction of marketable securities?	✓		(IV) The Company has established "Ethical Corporate Management Operating Procedures and Code of Conduct," "Procedures for Handling Material Inside Information," and "Regulations for the Prevention of Insider Trading," which explicitly prohibit the use of undisclosed market information to buy and sell the Company's securities. All operations are carried out in accordance with the law. The "Procedures for Handling Material Inside Information" and "Regulations for the Prevention of Insider Trading" are available on the company website/Investor Relations/Important Internal Regulations. Meeting notices for Board meetings inform directors that they are prohibited from trading their shares during the lock-up period, which is within 30 days before annual financial statements are announced and within 15 days before quarterly financial statements are announced. (The frequency is quarterly) The meeting notice contained a reminder of the lock-up period during the 4 board meetings that financial statements were discussed in 2024 and up to the date of report. The Company promotes laws and regulations in the e-mails notifying directors and insiders to declare their shareholdings at the end of each month, raising insiders' awareness of compliance, the Ethical Corporate Management Best Practice Principles, scope of material inside information, confidentiality, information disclosure, and violation handling. The e-mails also ask them to inform employees of the

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			information. Furthermore, related laws are communicated with current directors, managers, and employees at least once a year, and communication with new directors, managers, and employees is carried out at an appropriate time after they report for duty— (please go to the "Important Company Regulations" section on the Company's official website for the "Regulations for the Prevention of Insider Trading").	
III. Composition and responsibilities of the Board of Directors (I) Has the board of directors devised and implemented a plan for a more diverse composition of the board with concrete management goals?	✓		<p>The Company established a director selection system with open and just procedures for selecting and appointing directors, complying with the Company's Articles of Incorporation, Regulations Governing the Election of Directors, Corporate Governance Best Practice Principles, and the competent authority's Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, as well as Article 14-2 of the Securities and Exchange Act. The Company attached importance to diversity in the 16th-term Board of Directors, which is formed by elite members of industry and academia with experience in the energy, steel, M&amp;A/investment, IT industries, as well as professional competencies in business administration, international markets, risk management, accounting and financial analysis, and ESG. Board members also have an abundance of industry knowledge: Alexander M.T. Su, Tian-Cheng Chang, Winston Won, Po-Young Chu, Paul T.Y. Huang, Ming-Shan Jheng, Fisher C.H. Yu, Johnathon Y.J. Su. Has finance and accounting experience: Directors Winston Won and Shih-Yang Chen. Has an expertise in innovation and risk management: Director Po-Young Chu and Winston Won. Has an expertise in law: Director Wei-Tsung Liu and Shih-Yang Chen. The Company continues to arrange a variety of continuing education courses for board members, in order to improve the quality of their decisions, enhance their supervision ability, and further strengthen board competencies.</p> <p>The Company's directors who are concurrently employees account for 30% of all directors, independent directors account for 40%, and all directors are male. One</p>	No deviation

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No Summary	
		<p>director is between the ages of 31 and 50 and 9 directors are all 51 years old and above.</p> <p><b>Independence:</b> Directors who have a spousal relationship or relationship within the second degree of kinship with any other director account for 20% of the Company's directors.</p> <p><b>Specific diversity goals:</b></p> <ol style="list-style-type: none"> <li>1. The Company places a great emphasis on gender equality in Board composition, and aims to for at least one fifth of all directors to be female.</li> <li>2. The Company's Board of Directors focuses on business judgment, business management, and crisis management abilities, and more than two-thirds of Board members have relevant core abilities.</li> <li>3. The majority of independent directors shall not serve for more than three consecutive terms in order to maintain their independence.</li> <li>4. Board members who are also employees of the Company shall not exceed one-third of the total number of directors to achieve the purpose of supervision.</li> <li>5. Board members who have a spousal relationship or relationship within the second degree of kinship with any other director shall not exceed one fifth of the total number of directors to achieve the purpose of supervision.</li> <li>6. Board members who are also employees of the Company shall not exceed one-third of the total number of directors to achieve the purpose of supervision.</li> </ol> <p><b>Achievement of Board diversity</b></p> <ol style="list-style-type: none"> <li>1. All of the Company's 10 directors are male. We will direct our efforts to increasing the number of female directors to achieve the goal.</li> <li>2. None of the Company's four independent directors have served more than three consecutive terms and are independent.</li> </ol>	

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Summary			
	Yes	No		
			<p>3. Of the Company's directors, 30% are concurrently employees, and we will direct our efforts to reduce the percentage of directors who are also employees in the future to achieve the goal.</p> <p>4. Directors who have a spousal relationship or relationship within the second degree of kinship with any other director account for 20% of the Company's directors. We will direct our efforts to reduce the percentage of directors with a spousal relationship or relationship within the second degree of kinship in the future to achieve the goal.</p> <p>5. All of the Company's Board members are R.O.C. citizens and come from diverse backgrounds, including professional backgrounds in industry, academia, and accounting. They have experience in managing industry-leading companies and the knowledge, skills, literacy, and industry decision-making and management abilities required to perform their duties. Of the eight core abilities required by the Board of Directors as a whole to achieve corporate governance goals, Board members have 96% of the abilities required to perform their duties. Of the five core abilities that the Company attaches the most importance to, specifically the ability to make sound business judgments, business management ability, crisis management ability, knowledge of the industry, and an international market perspective, Board members of 98% of the abilities.</p> <p>6. The Company continues to arrange a variety of continuing education courses for board members, in order to improve the quality of their decisions, fulfill their supervision responsibility, and further strengthen Board functions.</p> <p>7. According to the laws of the R.O.C., the members of the Audit Committee shall consist of all Independent Directors. The Company's Audit Committee satisfies this statutory requirement. Furthermore, the Audit Committee annually conducts self-evaluations to assess the Committee's performance and discuss issues that require special attention in the future. The Audit Committee is empowered by its Charter to conduct any review or</p>	

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
		Summary	
		<p>investigation it deems appropriate to fulfill its responsibilities. It has direct access to the company's internal auditors, Certifying CPA, and all employees of the Company. The Committee is authorized to retain and oversee legal, accounting, or other consultants to fulfill its mandate. The Audit Committee Charter is available on the Company's corporate website.</p> <p>8. The Board of Directors supports and supervises the actions taken by the management to increase the ratio of females in senior management. At least 30% of the Company's managers were female in both 2023 and 2024.</p> <p>9. The Company's Board of Directors convened 6 meetings in 2024 with 100% attendance, and the 16th-term Board of Directors (from August 6, 2023 to August 5, 2026) convened 11 meetings as of March 31, 2025 with 98% attendance.</p>	
(II) In addition to the Remuneration Committee and the Audit Committee established according to law, has the Company voluntarily established other functional committees?	✓	<p>The Company has established an Audit Committee and Remuneration Committee in accordance with the law.</p> <p>Evaluation items of Audit Committee and Remuneration Committee performance evaluations cover the following five aspects. The Audit Committee and Remuneration Committee are operating soundly and comply with corporate governance. Each committee fulfills its responsibilities and effectively enhance board competencies. The Audit Committee received an "Excellent" rating in 21 items and the Remuneration Committee received an "Excellent" rating in 15 items. The overall score of the Audit Committee and Remuneration Committee was 99% and 98.3%.</p>	No deviation
(III) Does the Company have Board of Directors performance assessment guidelines and assessment methods in place and perform the assessments periodically on a yearly basis? Does the Company submit results of assessments to the Board of directors and use results as	✓	<p>Based on the Company's ideals for corporate governance, the main duties of the Board of Directors are to supervise and evaluate the performance of the management team, appoint and dismiss managers, decide on important matters, and instruct the management team. Members of the Company's Board of Directors have extensive corporate management experience or professional experience in the industry. They maintain the highest ethical standards and adhere to the commitments made to the Company. The Company regularly convenes Board of</p>	No deviation

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
the basis for the salary, remuneration, nomination and reappointment of individual Directors?		<div>Summary</div> <p>Directors meetings every quarter. In addition to approval of various proposals, the Board also discusses with the management team on business strategies and future plans in order to create maximum value for shareholders. The Company's business performance over the years, winning the TCSA Taiwan Corporate Sustainability Report Awards - Traditional Manufacturing - Gold Medal for numerous years, and winning the TCSA Taiwan Corporate Sustainability Report Awards - Traditional Manufacturing - Platinum Award this year, are a testament to the excellent performance of the Company's Board of Directors.</p> <p>The Company's 2024 Board of Directors, board member, and functional committee performance evaluations were reported during the 10th meeting of the 16th-term Board of Directors on January 14, 2025.</p> <p>The Board of Directors were assessed on the following six aspects in 2024:</p> <div><div>(1) Participation in the operation of the Company</div><div>(2) Improvement of the quality of the Board of Directors' decision making</div><div>(3) Composition and structure of the Board of Directors</div><div>(4) Election and continuing education of the Directors</div><div>(5) Internal control</div><div>(6) Participation in ESG</div></div> <p>The Company's board member (self or peer) evaluations in 2024 cover the following six aspects:</p> <div><div>(1) Familiarity with the goals and missions of the company</div><div>(2) Awareness of the duties of a Director</div><div>(3) Participation in the operation of the Company</div><div>(4) Management of internal relationship and communication</div><div>(5) The director's professionalism and continuing education</div><div>(6) Internal control</div></div> <p>The Company's 2024 board performance evaluation results are as follows:</p>	

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			<p>(1) The average score in the Board of Directors performance self-evaluation was 95.9%.</p> <p>(2) The average score in the board member performance self-evaluation was 96.6%.</p> <p>2.The functional committees are assessed on the following five aspects in 2024:</p> <p>(1) Participation in the operation of the Company</p> <p>(2) Understanding of the committee's duties</p> <p>(3) Improvement of committee decision-making quality</p> <p>(4) Composition of committee and member selection</p> <p>(5) Internal control</p> <p>The Company has completed functional committee internal performance evaluations and reported results to the Board of Directors on January 14, 2025. Please refer to the Company's official website for details.</p>
(IV) Does the Company periodically evaluate CPA independence?	✓		No deviation
			<p>The Company's Accounting Department evaluates the independence and performance of accountants certifying the financial statements according to the General Principles for Selecting Accountants and Non-assurance Service Policy each year. Evaluation results are submitted to the Audit Committee to evaluate the independence, competence, appointment, and fees of the accountants in 2025 based on the Audit Quality Indicators (AQI) provided by the accountants. Evaluation items included 13 indicators under five aspects, namely professionalism, independence, quality control, supervision, and innovation ability, and disclosures of indicators are divided into the "firm level" and "individual level." Information for the period evaluated is based on statistics provided by Deloitte Taiwan for FY24 (June 1, 2023 to May 31, 2024) and FY23 (June 1, 2022 to May 31, 2023). The accountants issued a "Statement of Independence," which was reviewed by the Audit Committee on February 25, 2025 and then submitted to the Board of Directors on March 11, 2025 for approval. The evaluation of the accountants' independence and competence is</p>

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons		
	Yes	No	Summary		
				described below:	
			Evaluation Item	Evaluation results	Meet the independence criteria
			1. Do the accountants have a material financial interest in the Company?	No	Yes
			2. Do the accountants have any inappropriate relationship with the Company?	No	Yes
			3. Do the accountants and their assistants comply with integrity, impartiality, and independence requirements?	No	Yes
			4. Are the accountants currently a director, supervisor, manager, or holds a position at the Company with significant influence on audit work, or did they hold such positions in the past two years?	No	Yes
			5. During the period audited, did the accountants and their spouse or dependents hold the position of director, supervisor, manager, or other position at the Company with direct and significant influence on audit work? During the period audited, did the accountants' relatives within the fourth degree of kinship hold the position of director, supervisor, manager, or other position at the Company with direct and significant influence on audit work in violation of independence procedure?	No	Yes
			6. Are the names of the accounts used by others?	No	Yes
			7. Do the accountants have any loans from the Company? This does not apply to normal financial transactions.	No	Yes
			8. Do the accountants operate other businesses that may cause them to lose their independence?	No	Yes
			9. Do the accountants receive commission related to any business?	No	Yes
			10. Do the accountants hold the Company's shares?	No	Yes
			11. Do the accountants receive a fixed salary for handling routine work of the Company?	No	Yes

Evaluation Item	Implementation Status				Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary		
			12. Do the accountants have any joint investments or profit sharing with the Company?	No Yes	
			13. Do the accountants perform any managerial functions that involve the Company's decision making?	No Yes	
IV. Does the public company have a suitable number of competent corporate governance personnel, and has it appointed a corporate governance supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their duties, assisting directors and supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings, and preparing proceedings for Board meetings and shareholders' meetings)?	✓	The Company's Board of Directors adopted a resolution on June 22, 2021 for the head of the Accounting Department to serve as the highest level corporate governance officer with at least three years of experience in a management position related to legal affairs, finance, stock affairs, or corporate governance in public companies.  The main responsibilities of the Company's corporate governance officer include handling matters related to the board of directors and the shareholders' meeting in accordance with the law, preparing board meeting and shareholders' meeting minutes, assisting directors in their appointment and continuing education, providing directors with the information needed to perform their duties, and assisting directors with compliance.  Report to the Board of Directors at least once a year: Annual corporate governance results were reported to the Board of Directors on August 6, 2024, in which the implementation status of affairs by the corporate governance officer in 2024 is as follows:  1. Assist in providing directors with the data and laws they need to perform their duties and arrange continuing education for directors:  (1) With regard to corporate governance related laws and important regulations related to company operations, data is provided to board members when they are appointed, and the latest information on amendments to laws are irregularly provided.  (2) Appropriate company information is provided to directors at a suitable time to facilitate smooth exchanges between board members and			No deviation

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Summary			
	Yes	No		
			<p>between directors and managers.</p> <p>(3) Arrange closed-door meetings for independent directors to directly communicate with the chief internal auditor and accountants face-to-face, and gain an in-depth understanding of the Company's audit and financial situation.</p> <p>(4) Assist in arranging continuing education courses for directors each year based on the Company's industry characteristics and directors' needs.</p> <p>2. Assist the compliance of proceedings and resolutions of functional committee meetings, board meetings and shareholders' meetings:</p> <p>(1) Report the status of the Company's corporate governance during board meetings, verify that board meetings and shareholders' meetings are convened in accordance with related laws and the Corporate Governance Code of Conduct.</p> <p>(2) Assist directors with exercising their authority in accordance with the Company Act and Securities and Exchange Act when performing duties or making decisions, and recusing themselves when they have a conflict of interest with agenda items of board meetings.</p> <p>(3) Responsible for reviewing material information or announcements of important resolutions of board meetings or shareholders' meeting, ensuring the compliance and correctness of material information, and ensuring the symmetry of trading information for investors.</p> <p>(4) When preparing the agenda for board meetings, directors are notified seven days before meetings, except for extraordinary meetings, and adequate reference data is provided for board meetings. If issue involves a conflict of interest or is listed as material information, directors are reminded in advance. Meeting minutes are completed within 20 days after board meetings.</p> <p>(5) The Company periodically evaluates the performance of the Board of</p>	

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
		<p>Directors and individual directors according to the "Board of Directors and Functional Committee Performance Evaluation Policy" to implementing corporate governance.</p> <p>(6) Handle pre-registration of the date of the shareholders' meeting, prepare meeting notices, handbook, and proceedings, and announcements within the time limit required by law, and handle change of registration for revisions to the Articles of Incorporation or election of directors.</p> <p>3. Evaluate and purchase appropriate liability insurance for directors, supervisors, and key staff members each year, and report it to the Board of Directors.</p> <p>4. Review the compliance status of corporate governance evaluation indicators on a item-by-item basis every year, and propose improvement plans and response measures for indicators that no score was received.</p> <p>5. Continuing Education Training of Corporate Governance Officer in 2024 shall include the following:</p> <p>(1) "Legal risks and responses of enterprises—The investment and financing of enterprises" held by Taiwan Corporate Governance Association (3 hours).</p> <p>(2) "Common deficiencies in financial statement review and common problems in asset acquisition and disposal" held by the Accounting Research and Development Foundation (3 hours).</p> <p>(3) The "2024 Cathay Sustainable Finance and Climate Change Summit" organized by TWSE (3 hours).</p> <p>(4) "The response and measures of enterprises under the changing global economic situation" held by Taiwan Corporate Governance Association (3 hours).</p> <p>(5) The "2024 Seminar on Prevention of Insider Trading" held by the</p>	

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			<p>Securities &amp; Futures Institute (3 hours).</p> <p>(6) The "2024 Seminar on Compliance of Equity Transactions by Insiders" held by the Securities &amp; Futures Institute (3 hours).</p> <p>(7) "Sustainability, Risks, and Information Security Issues in the Era of AI" held by Taiwan Corporate Governance Association (3 hours).</p> <p>(8) The "Sustainable Development Committee and Chief Sustainability Officer Symposium" held by the Securities &amp; Futures Institute (3 hours).</p>	
V. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers and suppliers) and properly respond to corporate social responsibility issues of concern to the stakeholders?	✓		<p>1. The Company values the opinions of stakeholders (including shareholders, employees, customers, upstream/downstream companies, banks, and creditors), actively communicating with and engaging stakeholders to understand material sustainability issues, which are included in the corporate sustainability developed blueprint. Based on industry characteristics, the Company referenced the GRI—Standards, SASB, DJSI, and international standard —AA—1000 stakeholder engagement principles to identify and prioritize relationships with stakeholders.</p> <p>2. The Company not only maintains good communication with stakeholders, but also set up a "Stakeholders" section on the company website, and also provides an e-mail (ip_mail@hksteel.com.tw) for stakeholders to use for contact.</p> <p>3. The Company website has a "Corporate Governance – Important Internal Regulations" section for investors to inquire and download corporate governance related regulations.</p>	No deviation
VI. Has the Company hired a professional agency to handle tasks and issues related to holding shareholder's meetings?	✓		The Company has appointed the Department of Stock Affairs at President Securities Corp. to handle affairs related to shareholders meetings.	No deviation
VII. Information disclosure (I) Has the Company established a corporate	✓		The Company has Chinese and English versions of the Investor Section on the company website ( <a href="https://www.hkssteel.com.tw">https://www.hkssteel.com.tw</a> ), which discloses the Company's	No deviation

Evaluation Item	Implementation Status		Deviation from the Corporate Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
website to disclose information regarding the company's financial, business and corporate governance status?		latest situation, financial information, and shareholders' meeting data for investors to reference. The Company readily discloses related information on the Market Observation Post System ( <a href="http://mops.twse.com.tw/mops/web/index">http://mops.twse.com.tw/mops/web/index</a> ).	
(II) Has the Company adopted other information disclosure methods (such as establishing English websites, assign dedicated personnel to collect and disclose company data, implement the spokesperson system, upload the investor conference processes to the company's website, etc.)?	✓	The Company constructed a Chinese version website ( <a href="http://www.hkssteel.com.tw">http://www.hkssteel.com.tw</a> ), appointed a spokesperson and acting spokesperson according to regulations, appointed dedicated personnel to report financial and business information on the Market Observation Post System and handle information disclosures on the company website, and provides the process of investor conferences on the company website.	No deviation
(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year? Does the Company publish and report its financial reports for the first, second and third quarters as well as its operating status for each month ahead of schedule before the specified deadline?	✓	To improve the timeliness of information disclosure and strengthen corporate governance, the Company publishes and reports its annual financial statements within 75 days after the end of a fiscal year (the Company's Board of Directors approved announced the 2024 financial statements on March 11, 2025). It also publishes and reports its financial statements for the first, second and third quarters as well as its operating status for each month before the specified deadline in each quarter. Please refer to the Market Observation Post System ( <a href="https://mops.twse.com.tw">https://mops.twse.com.tw</a> ) for the disclosure of the aforementioned information.	No deviation
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices(including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management	✓	The Company readily discloses related information on its website ( <a href="https://www.hkssteel.com.tw">https://www.hkssteel.com.tw</a> ) and the Market Observation Post System ( <a href="https://mops.twse.com.tw">https://mops.twse.com.tw</a> ). 1. Employee rights and caring for employees: The Company has always treated employees honorably and provides protection of their legal rights in accordance with the Labor Standards Act and related labor regulations. We have also planned a variety of employee benefits, such as: The Company subsidizes employees' on-the-job training	No deviation

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Summary		
	Yes	No	
policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?		<p>and provides them with cultural entertainment, subsidies for healthcare, and daily necessities for boarding employees. Please refer to the descriptions in the "V. Employees-employer relations" section of the Operational Highlights in the Annual Report (pages 134 to 138).</p> <p>The Company's employees can report any difficulties they encounter in the workplace, such as epidemic prevention, safety and health in the workplace environment, gender equality, work hours, and employee care, through the employee opinion e-mail. The opinions are kept confidential and handled by dedicated personnel to protect employees. The Company also established regulations and complaint channels under the "Anti-discrimination and Anti-harassment Policy." New employees take courses on the prevention of discrimination and harassment and complaint mechanisms when they report for duty, actively protecting the rights and safety of every employee.</p> <p>Furthermore, we planned a variety of employee benefits, including paid leave better than required by law (e.g. paid care leave), flexible work hours, and work from home, so that all employees will be able to balance health and safety, family care, and flexible work. The Company also planned complete and comprehensive benefits, including employee health examinations, health insurance, scholarships for employees' children, marriage and childbirth, cash gifts during holidays, and emergency aid. The Company provides employees with the most thoughtful care for the body, mind, and soul, and continues to fulfill its responsibility to care for employees' physical and mental health. Measures and rules relating to employees with excellent performance or improper conduct are clearly specified in the Work Rules.</p> <p>2. Investor relations:</p> <p>The Company's material information is announced on the Market Observation Post System in accordance with the law, in order to protect the rights and interests of investors.</p> <p>The Company values the opinions of various stakeholders and uses visits</p>	

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
	Summary		
		<p>emails, telephone calls, faxes, mail (written, package, and official documents), instant messaging software, various forms of meetings (coordination meetings, press conferences, conferences, seminars, and creditors' meetings), associations, video conference, regulations, and other means of active communication to appropriately respond to external demands.</p> <p>3. Supplier relations:</p> <p>The supplier conference held by the Company on December 6, 2024 focused on the challenges, opportunities, and future development of the steel industry, jointly explored industry development trends, and deepened partnerships. Under the theme of "Green Action, Sustainable Development for Common Good," the Company called on all suppliers to continue to pay attention to and support environmental sustainability, carbon neutrality, and green procurement. Shin Kuang Steel hopes to work together with suppliers to face the challenges and opportunities brought by sustainable development, build long-term stable partnerships, create a win-win situation, create sustainable value, and demonstrate the resilience and strength of Taiwan's industry in the new situation. During the meeting, Director Wu I-Min of the Environmental Protection Division of China Steel Corporation gave a speech on "Carbon Management of China Steel Corporation in Response to the Carbon Pricing System" to share China Steel Corporation's experience with implementing carbon management and calculating carbon fees. In addition, Deputy Manager Chen Ti of Cathay United Bank delivered a speech on "Sustainable Cooperation between Industry and Banks," explaining how financial institutions incorporate ESG and sustainability issues into investment and loan assessments, and introducing the financial tools provided by green transformation. Finally, Vice President Lu Hsiao-Li of Deloitte &amp; Touche Risk Management Advisory Co., Ltd. shared the latest trends in sustainable development to help suppliers understand future</p>	

Evaluation Item	Implementation Status		Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Summary		
	Yes	No	
			<p>regulations and market requirements.</p> <p>Furthermore, we communicate with and manage suppliers by signing the "Supplier Code of Conduct" with multiple suppliers, in which both parties jointly commit to abide by the code of conduct for integrity, the environment, and ethics, and push the overall industry chain to become more transparent and sustainable. We also conduct annual audits, irregularly convene tender meetings, provide a supplier opinion mailbox on the official website, and irregularly communicate with suppliers via external mailboxes, phone calls, and e-mail.</p> <p>The Company established robust management mechanisms for supplier management, and established stable long-term partnerships with suppliers, so that suppliers can continue to grow together with the Company.</p> <p>4. Stakeholders' rights:</p> <p>To further strengthen stakeholder communication channels, the Company set up a "Stakeholder Section" on the company website, which provides stakeholders with transparent and effective communication channels to achieve corporate sustainability.</p> <p>The Company values the opinions of various stakeholders. Please refer to the "(VII) Performance of corporate social responsibility" section of the Corporate Governance Report in the Annual Report (pages 64 to 67).</p> <p>5. Continuing education of Directors:</p> <p>The Company's directors have taken continuing education courses according to the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" in the most recent year, details are as follows. Please refer to "(V) Continuing education of Directors" section of the Corporate Governance Report in the Annual Report (pages 61 to 63).</p> <p>6. Implementation of risk management policies and risk assessment standards:</p>

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Summary			
	Yes	No		
			<p>The Company has established various internal regulations and conducted various risk management and assessments in accordance with internal regulations. Please refer to the descriptions in "Review of Financial Conditions, Financial Performance and Risk Management" in the Annual Report (pages 145 to 161).</p> <p>7. Implementation status of customer policies:</p> <p>The Company provides customers with complete product quality services, and also provides customized services and solutions for customer complaints, in order to generate higher profits. We conduct customer satisfaction surveys each year and use it as the basis for improvements and supervision.</p> <p>We assess the risk of corruption and bribery and carry out due diligence process when working with a business partner for the first time and on a regular basis. This is used as the basis for evaluating whether or not to continue working with the business partner.</p> <p>8. Purchasing liability insurance for Directors and managers:</p> <p>The Company's Board of Directors adopted a resolution on November 5, 2024 to purchase liability insurance for directors (including managers), in order to reduce the severity of damages sustained by the Company and shareholders due to illegal conduct of directors.</p>	No deviation
IX. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved.	✓		<p>The Company's 2024 "Corporate Governance Evaluation" results were acceptable. The Company's 2024 Corporate Governance Evaluation results, improvements already made and improvements yet to be made for indicators in the 11th Corporate Governance Evaluation were reported to the Board of Directors on May 6, 2025 and will be used as the basis for review and improvement.</p> <p>Improvements already made and improvements yet to be made by the Company for indicators in the 11th Corporate Governance Evaluation are described below.</p>	No deviation

Improvements made for indicators of the 11th Corporate Governance Evaluation:

Item No.	Indicator Item	Improvement
1.6	Does the company hold the regular shareholders' meeting before the end of May?	The Company's 2025 general shareholders meeting was held on May 29, 2025
1.7	Does the company upload the shareholders' meeting handbook and supplementary data 30 days prior to the annual general meeting?	The Company has provided a detailed explanation in the annual report and official website (Investor Relations Section).
1.15	Has the company established internal regulations that prohibit insiders from using undisclosed information in the market to trade stocks, including prohibiting directors from trading the company's stocks thirty days before the disclosure of annual financial statements and fifteen days before the disclosure of quarterly financial statements, and has the company disclosed the internal regulations on its company website?	The Company has provided a detailed explanation in the annual report and official website (Investor Relations Section).
1.18	Does the Company record important contents of questions from shareholders and the Company's response in the shareholders' meeting minutes?	The Company has provided a detailed explanation in the annual report and official website (Investor Relations Section).
2.2	Has the company established a Board diversity policy and disclosed the specific management goals and implementation of the diversity policy on its company website and in its annual report?	The Company has provided a detailed explanation in the annual report and official website (Investor Relations Section).
2.9	Has the company formulated a succession plan for board members and important management positions, and disclosed it on the company website or annual report?	The Company has provided a detailed explanation in the annual report and official website (Investor Relations Section).
2.10	Does the company disclose the professional qualifications and experience of Audit Committee members, key tasks each year, and the operating status?	The Company has provided a detailed explanation in the annual report and official website (Investor Relations Section).
2.15	Does the company disclose communication between independent directors with the chief internal auditor and accountants (including the method, items, and results of communication regarding the company's financial statements, financial position, and business performance) on the company website?	The Company has provided a detailed explanation in the annual report and official website (Investor Relations Section).
2.24	Has the company established a cybersecurity risk management framework, cybersecurity policy, and specific management plans, invested resources into cybersecurity management, and disclosed it on the company website or annual report?	The Company has provided a detailed explanation in the annual report and official website (Corporate Sustainability Section).
2.25	Does the company's independent directors complete the required number of hours of continuing education in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies"?	The Company has provided a detailed explanation in the annual report and official website (Investor Relations Section).
3.16	Does the company website disclose the list of major shareholders, which includes all shareholders holding 5%?	The Company has provided a detailed explanation in the annual

Item No.	Indicator Item	Improvement
	or more shares, or the names of the top ten shareholders with the number of shares and percentage held by each shareholder?	report and official website (Investor Relations Section).
3.17	Does the company website disclose information on financial position, business performance, and corporate governance?	The Company has provided a detailed explanation in the annual report and official website (Investor Relations Section).
3.20	Was the company invited to hold (or held on its own) at least two investor conferences? Did the company disclose links to complete videos of the two investor conferences? Were the two investor conferences at the start and end of the year evaluated separated by at least three months?	The Company has provided a detailed explanation in the annual report and official website (Investor Relations Section).
4.3	Does the company regularly disclose specific sustainable development (ESG) implementation plans and implementation results on its official website, annual report or sustainability report?	The Company has provided a detailed explanation in the annual report and official website (Corporate Sustainability Section).
4.6	Does the company reference the International Bill of Human Rights when establishing its human rights protection policy and specific management plans, and disclose them on the company website or annual report?	The Company has provided a detailed explanation in the annual report and official website (Investor Relations Section).
4.8	Has the company made it a policy to reflect business performance or results on employee compensation, and disclose it on the company website or annual report?	The Company has provided a detailed explanation in the annual report and official website (Investor Relations Section).
4.11	Does the company disclose its water consumption and total weight of waste in the past two years?	The Company has provided a detailed explanation in the annual report and official website (Corporate Sustainability Section).
4.13	Has the company obtained ISO 14001, ISO50001, or similar environmental or energy management system certifications?	The Company has provided a detailed explanation in the annual report and official website (Investor Relations Section).
4.15	Does the company website or annual report disclose the ethical corporate management policy approved by the Board of Directors, specify specific measures and plans to prevent unethical conduct, and describe the implementation status?	The Company has provided a detailed explanation in the annual report and official website (Investor Relations Section).

Priorities among improvements to be made in indicators of the 11th Corporate Governance Evaluation:

Item No.	Indicator Item	Improvement
2.6	Does the Company's Board of Directors have at last one female director?	The Company will conduct an internal evaluation.
2.14	Has the company established functional committees other than those required by law, such as a Nomination Committee, Risk Management Committee, or Sustainable Development Committee, in which the number of members may not be less than three, more than half of members are independent directors, and one or more members have professional competencies required by the committee? Also disclose the composition, duties, and operating status of the committees.	The Company will conduct an internal evaluation.
2.22	Does the company's Audit Committee or Board-level functional committee (e.g., Risk Management Committee) supervise risk management? Has the Company established risk management policies and procedures that were approved by the Board of Directors, disclosed the risk management organizational structure, risk management procedures, and implementation status, and reported results to the Board of Directors at least once a year?	The Company will conduct an internal evaluation.
2.23	Have the Regulations Governing the Performance Evaluation of the Board of Directors established by the company been approved by the board of directors? Do the regulations specifically require an external evaluation at least once every three years? Do they stipulate that the evaluation situation and evaluation results must be disclosed on the company's website or annual report in the year of the evaluation or when evaluations were conducted in the past two years?	The Company will conduct an internal evaluation.
2.27	Does the company compile an intellectual property management plan that is linked to business goals and disclose its implementation status on the company website or in the annual report, and report it to the board of directors at least once a year?	The Company will conduct an internal evaluation.
2.30	Does at least one of the company's internal auditors have certificates such as International Certified Internal Auditor, Certified Information Systems Auditor, or Accountant Examination Qualification Certificate?	The Company will conduct an internal evaluation.
3.4	Does the company announce the annual financial statements audited by the accountants within two months after the end of a fiscal year?	The Company will conduct an internal evaluation.
3.6	Does the company disclose the English version of its interim financial report within two months after the deadline for filing the Chinese version interim financial report?	The Company will conduct an internal evaluation.
3.18	Has the company established an English company website to disclose information on the company's financial position, business performance, and corporate governance?	The Company will conduct an internal evaluation.
4.19	Does the company invest in energy-saving or green energy-related eco-friendly and sustainable machinery and equipment, or invest in the domestic green energy industry (such as renewable energy power plants), or issue or invest in sustainable development financial products that utilize the proceeds for investment plans with green or social benefits, and disclose their investment status and specific benefits?	The Company will conduct an internal evaluation.

Item No.	Indicator Item	Improvement
4.2	Has the company established dedicated (concurrent) ethical corporate management unit responsible for formulating and supervising the implementation of the ethical corporate management policy and prevention plans, described the operations and implementation status of the unit on the company website and annual report, and report it to the board of directors at least once a year?	The Company will conduct an internal evaluation.
4.21	Does the company assess risks or opportunities to the community and take appropriate measures, and disclose the specific measures and implementation results on the company website, annual report, or sustainability report?	The Company will conduct an internal evaluation.
4.22	Does the company invest resources to support domestic cultural development, and disclose the method and results of support on the company website, annual report, or sustainability report?	The Company will conduct an internal evaluation.
4.23	Does the company disclose its policy for linking the remuneration of senior managers to ESG-related performance evaluations?	The Company will conduct an internal evaluation.

(IV) Operations of the Remuneration Committee

The Company established the Remuneration Committee Charter and a Remuneration Committee during the 2nd meeting of the 12th-term Board of Directors on December 20, 2011. The committee evaluates the remuneration policy and system for directors and managers from a professional and objective perspective, and also establishes and reviews the policy, system, standards, and structure of director and manager performance evaluations and remuneration.

**(1) Information on members of the Remuneration Committee**

March 31, 2025

Qualifications Identity / Name		Professional Qualification and Experience	Independence Status	Number of other public companies where he/she is a member of the remuneration committee
Independent Directors	Winston Won	The Company's Remuneration Committee is composed of all independent directors. For members' professional qualification and experience, please refer to "Disclosure of Information Regarding the Professional Qualifications of Directors and Independent Directors and the Independence of Independent Directors" in this Annual Report (pages 17 to 18).	The Company's Remuneration Committee is composed of all independent directors. For members' professional qualification and experience, please refer to "Disclosure of Information Regarding the Professional Qualifications of Directors and Independent Directors and the Independence of Independent Directors" in this Annual Report (pages 17 to 18).	2
Independent Directors	Po-Young Chu			3
Independent Directors	Paul T.Y. Huang			0
Independent Directors	Wei-Tsung Liu			0

**(2) Operations of the Remuneration Committee**

A. The Company's Remuneration Committee is comprised of four individuals.

B. Current term for the members: The current term of office is from August 6, 2023 to August 5, 2026. The Chair of the Remuneration Committee Mr. Winston Won convened a total of 5 meetings between January 1, 2024 and March 31, 2025. The qualifications and attendance of members of the Remuneration Committee are specified below:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A) (Note)	Note
Convener	Winston Won	5	0	100%	None
Committee Member	Po-Young Chu	5	0	100%	None
Committee Member	Paul T.Y. Huang	5	0	100%	None
Committee Member	Wei-Tsung Liu	5	0	100%	None

## Operations of the Remuneration Committee

Date of Meeting	Important agenda content	Resolutions	The Company's handling of members' opinions
February 27, 2024 (4th meeting of the 5th term)	Retirement of the Company's abovementioned managers. Approved the monthly salary structure and payment amount of Chairman Alexander M.T. Su. Approved the retirement of the Company's department managers. Approved the Company's distribution of directors' remuneration and employee bonuses for 2023. Approved the Company's 2023 board and functional committee performance evaluation report. Approved the report on remuneration to directors and managers in 2023. Proposal to implement the employee shareholding trust system.	Proposal approved as proposed by all members	Submitted to the Board of Directors and approved by all directors in attendance
August 6, 2024 (5th meeting of the 5th term)	Approved the distribution of 2023 directors' remuneration. Approved the distribution of 2023 employee bonuses for managers.	Proposal approved as proposed by all members	Submitted to the Board of Directors and approved by all directors in attendance
December 3, 2024 (6th meeting of the 5th term)	Approved the Company's 2024 Board member, Board of Directors, and functional committee performance self-evaluation.	Proposal approved as proposed by all members	Submitted to the Board of Directors and approved by all directors in attendance
January 14, 2025 (7th meeting of the 5th term)	Approved the allocation of NT\$10 million from the employee bonus reserve as year-end bonuses in 2024. Approved the proposed distribution of the Company's 2024 year-end bonuses to the chairman and managers. Approved the Company's 2024 board and functional committee performance evaluation report.	Proposal approved as proposed by all members	Submitted to the Board of Directors and approved by all directors in attendance
February 25, 2025 (8th meeting of the 5th term)	Approved the Company's distribution of directors' remuneration and employee bonuses for 2024. Approved the implementation report on the Company's remuneration to directors and managers in 2024. Approved the Company's remuneration policy for directors and managers in 2025.	Proposal approved as proposed by all members	Submitted to the Board of Directors and approved by all directors in attendance
<p>Other details that need to be recorded in meeting minutes:</p> <ol style="list-style-type: none"> <li>1. If the Board of Directors does not accept or revises the Remuneration Committee's recommendation, specify the date of the Board meeting, session, contents of the agenda item, resolution of the Board of Directors, and the Company's response to the Remuneration Committee's opinions (if the remuneration passed by the Board of Directors is higher than the recommendation of the Remuneration Committee, specify the discrepancy and reason): None.</li> <li>2. If with respect to any resolution of the Remuneration Committee, any member has a dissenting or qualified opinion that is on record or stated in a written statement, describe the date of committee meeting, term of the committee, agenda item, opinions of all members, and actions taken by the company in response to the opinion of members: None.</li> </ol>			

### (V) Continuing education of Directors

The main methods of training for directors of the Company include:

1. At quarterly Board meetings, the management team conducts briefing on changes in business and regulations and other relevant information;

2. At semi-annual Audit Committee meetings, the finance and accounting unit and certifying CPA provide reports on regulatory updates and the company's compliance status to the committee; and
3. Directors participate in externally-provided training courses as needed.

Continuing education of Directors in 2024 is as follows:

Title	Name	Organizer	Course	Course Date	Course Duration	Does continuing education comply with regulations?
Chairman	Alexander M.T. Su	Taiwan Corporate Governance Association	Sustainability, Risks, and Information Security Issues in the Era of AI	2024/11/05	12	Yes
		Taiwan Stock Exchange Corporation	Summit on Strengthening Taiwan's Capital Market	2024/09/30		
		Taiwan Corporate Governance Association	The response and measures of enterprises under the changing global economic situation	2024/08/06		
		Taiwan Corporate Governance Association	Legal risks and responses of enterprises—The investment and financing of enterprises	2024/05/07		
Director	Tian-Cheng Chang	Taiwan Corporate Governance Association	Sustainability, Risks, and Information Security Issues in the Era of AI	2024/11/05	9	Yes
		Taiwan Corporate Governance Association	The response and measures of enterprises under the changing global economic situation	2024/08/06		
		Taiwan Corporate Governance Association	Legal risks and responses of enterprises—The investment and financing of enterprises	2024/05/07		
Director	Ming-Shan Jheng	Taiwan Corporate Governance Association	Sustainability, Risks, and Information Security Issues in the Era of AI	2024/11/05	9	Yes
		Taiwan Corporate Governance Association	The response and measures of enterprises under the changing global economic situation	2024/08/06		
		Taiwan Corporate Governance Association	Legal risks and responses of enterprises—The investment and financing of enterprises	2024/05/07		
Director	Fisher C.H. Yu	Taiwan Corporate Governance Association	Sustainability, Risks, and Information Security Issues in the Era of AI	2024/11/05	9	Yes
		Taiwan Corporate Governance Association	The response and measures of enterprises under the changing global economic situation	2024/08/06		
		Taiwan Corporate Governance Association	Legal risks and responses of enterprises—The investment and financing of enterprises	2024/05/07		
Director	Johnathon Y.J. Su	Taiwan Corporate Governance Association	Sustainability, Risks, and Information Security Issues in the Era of AI	2024/11/05	9	Yes
		Taiwan Corporate Governance Association	The response and measures of enterprises under the changing global economic situation	2024/08/06		
		Taiwan Corporate Governance Association	Legal risks and responses of enterprises—The investment and financing of enterprises	2024/05/07		

Title	Name	Organizer	Course	Course Date	Course Duration	Does continuing education comply with regulations?
Director	Shih-Yang Chen	Taiwan Corporate Governance Association	Sustainability, Risks, and Information Security Issues in the Era of AI	2024/11/05	12	Yes
		Taiwan Corporate Governance Association	Analysis of AML/CFT management trends in the financial industry	2024/10/25		
		Taiwan Corporate Governance Association	How the board of directors develops ESG sustainable governance strategies	2024/10/01		
		Taiwan Corporate Governance Association	The response and measures of enterprises under the changing global economic situation	2024/08/06		
Independent Directors	Winston Won	Taiwan Corporate Governance Association	The response and measures of enterprises under the changing global economic situation	2024/08/06	12	Yes
		Taiwan Corporate Governance Association	Talent cultivation for sustainable development	2024/07/09		
		Taiwan Corporate Governance Association	Employee reward tools of enterprises and related tax treatment and CFC case study	2024/07/09		
		Taiwan Corporate Governance Association	Legal risks and responses of enterprises—The investment and financing of enterprises	2024/05/07		
Independent Directors	Po-Young Chu	Taiwan Corporate Governance Association	Risks and opportunities brought by climate change and net zero emission policies to businesses	2024/11/12	15	Yes
		Taiwan Corporate Governance Association	Sustainability, Risks, and Information Security Issues in the Era of AI	2024/11/05		
		Taiwan Corporate Governance Association	The response and measures of enterprises under the changing global economic situation	2024/08/06		
		Taiwan Corporate Governance Association	Legal risks and responses of enterprises—The investment and financing of enterprises	2024/05/07		
		Taiwan Corporate Governance Association	Understanding the cybersecurity threats faced by enterprises from cybersecurity cases	2024/01/30		
Independent Directors	Paul T.Y. Huang	Taiwan Corporate Governance Association	Sustainability, Risks, and Information Security Issues in the Era of AI	2024/11/05	9	Yes
		Taiwan Corporate Governance Association	The response and measures of enterprises under the changing global economic situation	2024/08/06		
		Taiwan Corporate Governance Association	Legal risks and responses of enterprises—The investment and financing of enterprises	2024/05/07		
Independent Directors	Wei-Tsung Liu	Taiwan Corporate Governance Association	Sustainability, Risks, and Information Security Issues in the Era of AI	2024/11/05	9	Yes
		Taiwan Corporate Governance Association	The response and measures of enterprises under the changing global economic situation	2024/08/06		
		Taiwan Corporate Governance Association	Legal risks and responses of enterprises—The investment and financing of enterprises	2024/05/07		

Note: All Directors have met the requirements for the number of hours of continuing education as specified in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies".

(VI) Continuing Education Training of Corporate Governance Officer

Name	Date	Organizer	Course Title	Hours
Deputy general manager and CFO, spokesperson, chief information security officer, corporate governance officer: Jessica P.H. Liu	2024/5/7	Taiwan Corporate Governance Association	Legal risks and responses of enterprises—The investment and financing of enterprises	3
	2024/6/1	Accounting Research and Development Foundation	Common deficiencies in financial statement review and common problems in asset acquisition and disposal	3
	2024/7/3	Taiwan Stock Exchange Corporation	2024 Cathay Sustainable Finance and Climate Change Summit Forum	3
	2024/8/6	Taiwan Corporate Governance Association	The response and measures of enterprises under the changing global economic situation	3
	2024/9/20	Securities & Futures Institute	2024 Insider Trading Prevention Seminar	3
	2024/10/25	Securities & Futures Institute	2024 Insider Equity Transaction Legal Compliance Awareness Briefing	3
	2024/11/5	Taiwan Corporate Governance Association	Sustainability, Risks, and Information Security Issues in the Era of AI	3
	2024/12/4	Securities & Futures Institute	Sustainable Development Committee and Chief Sustainability Officer Symposium	3
Total				24

(VII) Performance of Corporate Social Responsibility

Steel is an important material for building a circular economy. Hsin Kuang Steel has established a goal to "create a beautiful new Taiwan" and uphold the five main ideals for "trust, harmony, innovation, sharing, and sustainability". The Company closely follows important international trends for sustainable development such as the UN's Sustainable Development Goals and we fulfill corporate social responsibility ideals by continuously reviewing and improving related systems. Hsin Kuang Steel established the "Hsin Kuang Steel Corporate Social Responsibility Policy" and "Sustainable Development Best Practice Principles (formerly named the Corporate Social Responsibility Best Practice Principles)" in 2015 to actively fulfill its social responsibilities as a corporate citizen and achieve sustainable development.

In addition to focusing on development of its operations in the industry, the Company maintains an ethical and harmonious corporate culture in its fair treatment of shareholders, employees and the public. The Company has adopted basic ideals for compliance with laws, conducts business in accordance with laws, and shall not take part in illegal activities. The Company values corporate governance and seeks to attain balance in the benefits of shareholders, employees, and all stakeholders. It also provides high-quality work opportunities including good pay, challenging work content, and a comfortable and secure work environment. It is the Company's responsibility to take care of the physical and mental needs of employees. The Company also participates in social welfare activities, donates life-support systems and ambulances to give back to society. In the future, the Company shall continue to fulfill corporate social responsibilities and strive to become a good corporate citizen.

The Company has established the 7 principles and objectives for the execution of corporate social responsibilities as follows in order to achieve the goal of becoming a good corporate citizen.

(1) Adhere to the principles of ethics in business management and fulfill the core value of an

"ethical and harmonious" corporate culture to provide shareholders, employees, customers, suppliers, and the public with fair treatment.

- (2) The Company shall abide by laws, conduct business in accordance with laws, and shall not take part in illegal activities.
- (3) The Company values corporate governance and seeks to attain balance in the benefits of shareholders, employees, and all stakeholders.
- (4) The Company provides high-quality work opportunities including good pay, challenging work content, and a comfortable and secure work environment to take care of the physical and mental needs of employees.
- (5) The Company dedicates itself to long-term care of the community, participates in social welfare activities, and shall continue to sponsor education and cultural activities.
- (6) The Company values and continues to implement environmental protection measures in response to climate change.
- (7) The Company opposes corruption, rejects nepotism and strictly adheres to principles of recusal in conflicts of interest. The Company does not partake in bribery nor pursue political connections.

The Company ramps up its efforts to reduce greenhouse gas emissions, firmly believing that both the related domestic regulations and recognized international standards shall be met when advancing environmental protection, safety, and sanitation operations.

The Company also dedicates itself to advancing corporate social responsibilities and safety and sanitation management. The Company has adopted a spirit for continuous improvement to promote safety and health, strengthen resource utilization and pollution prevention, regulate environmental safety and sanitation risks, establish environmental safety and sanitation cultural values, and adopt strategies for constructing green supply chains to fulfill corporate social responsibilities.

The Company continues to dedicate itself to advancing corporate social responsibilities, energy conservation, carbon emissions reduction, resource recycling, and other environmental protection efforts. The Company has always dedicated efforts on reducing greenhouse gas emissions. For a company that has continued to expand productivity and product lines, it is a difficult task to lower carbon dioxide emissions produced in the use of electricity. However, the Company remains dedicated to the planning and execution of these efforts. At the same time, the Company also adopted energy conservation designs in newly-built plants and offices as well as continuous increase in energy efficiency in preparation for the carbon dioxide trade and corporate carbon resources management in future domestic regulations. These measures not only reduce costs but also achieve the objective of lowering CO<sub>2</sub> emissions that cause global warming.

The Company upholds sustainable development ideals for environmental protection, clean energy, and space reuse. In 2024, the installed capacity of rooftop solar power generation systems in Hsin Kuang Steel's plants reached 16.56 kw and the Company installed the largest singular commercial rooftop solar power system in Taiwan in DuPont™ "Safe Rooftop for Secure Power Generation" project. It generated 24.43 million kWh of electricity in 2024 and reduced 12,075 tons of CO<sub>2</sub> emissions which is equivalent to the CO<sub>2</sub> absorption of 31 Da'an Forest Parks. Over the years, we have produced 100.23 million kWh of electricity and reduced CO<sub>2</sub> emissions by nearly 51,127 tons, which is equivalent to 131 times the amount of CO<sub>2</sub> that can be absorbed by Da'an Forest Parks.

The Company's production line does not require vast amounts of water resources but in order to effectively use water resources, the Company has also adopted recycling and reuse measures to reduce water consumption in non-production operations. For instance, the Company reduced water consumption in its air-conditioning systems, installed water-conservation devices in sanitation systems, monitors water consumption in washing external walls and irrigation of plants, and decreased general water consumption.

Community care and participating in social welfare activities :

Item	Talent Development and Promotion of Education and Culture	Implement Community Care	Assistance for the Disadvantaged	Healthcare, first aid
Breakdown	37.2%	27.3%	22.7%	12.8%

The Company upholds the philosophy to give back what is taken from society, and starts with community care, showing care and taking action to cultivate talent and support the underprivileged. The Company spent a total of NT\$51.08 million on community care in the name of Hsin Kuang Steel Co., Ltd., Hsin Kuang Steel Tian-Cheng Charity Foundation, and New Taipei City Hui Jung Welfare and Charity Foundation in 2024.

(I) Talent Development and Promotion of Education and Culture:

1. Sponsored the art contest for families in straitened circumstances to cultivate their aesthetic ability and promote balanced development of body and mind.
2. Supported the book donation activity of Global Views Monthly "Give Children a Big Future."
3. Donated funds for the after-school care programs and teachers in two elementary schools in Changhua and rural areas of Chiayi, so that students in underprivileged families, such as single parent families and skipped generation families, can lay a solid foundation for learning.
4. Established scholarships for elite college students to cultivate outstanding talent, in hopes making them leaders in the nation's progress and development.
5. Sponsored the Taipei Event of the "2024 One Song Orchestra Young, Wild and Free," using the concept of "mobile concert hall" to care for rural areas and bring beautiful music to every corner of Taiwan.
6. Made a special donation to the "Safe Schooling Subsidy Project – Safe Schooling Plan for Students" of Li Zhi High School, Agency of Corrections, Ministry of Justice to help students obtain "on-campus part-time jobs" so that students have the opportunity to work part-time and study, learn to be self-reliant, reduce the impact of financial difficulties on their studies and life, and work hard to turn their lives around.
7. Established the scholarship for students with epilepsy.
8. Donated the scholarship for students of the Association for Victims Support Shilin Branch.
9. Donated a kitchen waste machine to Caoluo Elementary School in Guanyin District, Taoyuan City, turning the school's kitchen waste into high-quality organic fertilizer, deepening education on sustainability, environmental protection, and food agriculture.
10. Donated to the baseball team of Taitung County Hongye Elementary School for the "2024 Japan Okinawa Expedition Baseball League Exchange" and the "2024 5th Cross-Strait Student Baseball League - Beijing Preliminary."
11. Donated to Taitung County Junyi School of Innovation to replace LED light bulbs and save electricity fees.
12. Donated to the Scholarship Program to Cultivate Outstanding Vocational Students of Century Green Energy Vocational Senior High School in Taoyuan City through the Private School Promotion Foundation.

(II) Community care, giving back to communities:

1. Co-organized a beach cleanup event with the Wild Bird Association of Taiwan at the Shulinzi coastal section of Caoluo Sand Dunes in Guanyin, Taoyuan City to contribute to the protection of the ocean and environmental sustainability.
2. Assisted the local branch of the fire bureau and neighborhood patrol team where plants are located with promotion and patrol activities.

3. Provided work opportunities to residents of local institutions for persons with disabilities, utilizing their energy and value in life.
4. Sponsored the 100th anniversary concert of the Huangpu Military Academy to trace history through music.
5. Sponsored the Run for Honor Armed Forces Day of Huangpu Military Academy in 2024.
6. Donated to the public welfare action fund to stop burning rice straw organized by the INRAA.
7. Donated to the Hengshan Social Welfare Foundation for home repairs and to deliver supplies to disadvantaged families.
8. Donated to Mennonite Christian Hospital's Eastern Taiwan Nurse Cultivation Program to provide nursing and medical student scholarships, provide nursing students of vocational and technical education cooperation projects with employment guarantees when they return to their hometowns after obtaining a nursing license, and help improve the financial situation of families of students participating in the program.
9. Donated to the "100-Year-Old 10 Billion Fund" of National Taiwan University for campus construction and talent retention and recruitment.
10. The simple water pipes in Takluk Tribe, Taitung were damaged due to Typhoon Kong-rey, so the Foundation made an emergency donation of 500 boxes of mineral water to meet the people's water needs, and also donated funds for the repair of the simple water pipes.
11. Donated to the Meal Box of Love Project of Guanyin Village, Tainan to care for elderly and disadvantaged people in the community, and promote a healthy vegetarian diet.
12. Donated operating equipment to Chia-Yi Christian Hospital in phases to improve the quality of local healthcare services.

(III) Assisting Disadvantaged Individuals and Medical Subsidies:

1. Assisted in delivering meals to elderly people, food boxes to low income households, and dishes for the year-end banquet.
2. Donated to the Childhood Brain Tumor Association of Taiwan to fund psychological counseling and treatment courses for children with brain tumors.
3. Donated promotion and activity funds to the Naivety ADHD Taiwan Association Federation, which serves "Attention Deficit Hyperactivity Disorder (ADHD)," to protect patients' rights and interests and assimilation into society through services and promotion of correct knowledge, and also to provide families that have financial difficulties with assistance.
4. Sponsored World Vision Taiwan and the Mustard Seed Mission to assist disadvantaged students.
5. Donated one ambulance to the Caota Brigade, Taoyuan Fire Department for first aid.
6. Donated one ambulance to the Qidu Brigade, Keelung City Fire Department for first aid.
7. Donated three Point-of-Care Ultrasounds (POCUS) to Tainan City Government Fire Bureau and installed them on the ambulances of the Xinying, Guiren, and Annan Brigades, allowing paramedics to immediately upload ultrasound images for doctors to determine the condition of the injured. This allows seriously injured patients to be transported to an appropriate medical institution.

The Company fulfills social responsibilities to all stakeholders. Customers would place more trust in the Company due to its ethical and law-abiding principles as well as its sound corporate management. Investors would be more willing to commit to long-term investments due to the Company's clear core values. Employees would also identify with corporate values and form stronger synergy. The implementation of corporate social responsibilities shall create stronger competitive advantages for the Company, create higher values for shareholders, and bring prosperity for all related parties of the Company.

**The state of the company's promotion of sustainable development, any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation**

Promotion Item	Implementation Status		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
I. Did the company establish a governance framework for the promotion of sustainable development and set up an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development, with a senior management delegated by the Board of Directors to handle and report on the same to the board of directors?	✓		None

The Company established the "Sustainability Information Management Procedure."

The Company's Board of Directors is the highest level decision-making and supervision unit for affairs related to sustainable development. The implementation status of sustainable development and governance framework are directly supervised by the Board of Directors. The Board of Directors and the Audit Committee are required to supervise the allocation and assignment of sufficient and suitable resources by management, so that the internal control system related to sustainability information can operate effectively. The chairman has instructed the establishment of a Corporate Social Responsibility Task Force, and appointed the general manager as the highest level manager for making decisions on sustainable development-related matters. The corporate governance officer is authorized to coordinate related units in handling sustainable development-related matters, set the mid-term and long-term sustainable development policy and short-term implementation plans, verify the Company's sustainable development and ESG management approach, and oversee, track, and review the management team's sustainable development implementation and attainment of performance goals, in order to strengthen the Company's financial position. The Company's sustainable development and ESG management approach includes "integrity governance and risk management," "sustainable environment and products," "employee care," and "care for society." We added

Promotion Item	Implementation Status		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			<p>"financial TCFD," "information security," and "sustainable supply chain" in response to international trends. Members of the Corporate Social Responsibility Task Force are selected by the corporate governance officer from the heads and personnel of various departments to jointly carry out sustainable development-related matters. The members are responsible for assisting in the collection of emerging trends in sustainable development in Taiwan and overseas, including the development trends and impacts of changes in laws, policy objectives, and sustainability guidelines, proposing and implementing various sustainable development strategies and annual implementation plans, and performing other sustainable development-related tasks resolved by the Board of Directors, the highest level supervisor, or work meetings. The members report the implementation status of sustainable development-related matters during work meetings and to the Board of Directors regularly or as needed; discuss and review sustainability information disclosures; propose resource requirements or related suggestions as needed, and extend them to all subsidiaries of the Group.</p> <p>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.</p> <p>The Company reports annual sustainability issues, implementation results, and future implementation plans each quarter.</p> <p>In 2024, the Company continued to cultivate and</p>

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			enhance aspects in relation to its business performance, supply chain management, corporate governance, corporate social responsibilities, social care, and sustainable environment, while creating a stable, harmonious, inclusive, and friendly workplace. Hsin Kuang Steel has always acted in the interest of society, focusing particularly on support for disadvantaged individuals, talent development, community care, emergency medical assistance, and medical subsidies, among others. Furthermore, with regard to carbon neutrality, the Company compiled a GHG inventory, collected data, and carried out inventory verification in 2024 to focus on setting goals for carbon reduction. In the mid-term, we will gradually verify, disclose, and communicate information on GHG emissions in the supply chain, making preparations for the impact of carbon fees (taxes) on the Company's operations.	
II. Does the Company perform assessments of risks in environmental, social, and corporate governance issues relevant to its business activities and devise risk management policies and strategies based on the principle of materiality? (Note 2)	✓		The Company uses evaluation methods for five aspects based on stakeholder engagement principles in the international standard AA1000, taking into consideration responsibility, influence, tension, diverse perspectives, and dependence, identifying and prioritizing the relationship with stakeholders. We referenced the topics of concern collected in the stakeholder communication process into Company operations and the blueprint for sustainable development, and take necessary measures when appropriate, strengthening risk assessment and information disclosure for various issues. This will allow the Company to better implement sustainable operation. Please refer to the Sustainability Report published each year for the boundaries of the Company's	None

Promotion Item	Implementation Status		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			<p>Summary</p> <p>risk assessment.</p> <p>Furthermore, the Company's Board of Directors approved the Sustainable Development Best Practice Principles (formerly named the Corporate Social Responsibility Best Practice Principles), which expressly states that the Company shall perform assessments of risks in environmental, social, and corporate governance issues relevant to its business activities and formulate risk management policies and strategies based on the principle of materiality.</p> <p>1. Corporate Governance:</p> <p>The Company updates the risk identification matrix in response to war, geopolitics, energy transition, industrial transformation, and demographic structure changes to improve risk assessment and strengthen management functions, and reports impacts on operations and mitigation strategies to the Board of Directors.</p> <p>The Company strictly abides by related laws and regulations and established the Code of Ethics for Directors and Supervisors, Code of Ethics for Managerial Officers and Supervisors Ranked Level 1 and Above, Ethical Corporate Management Best Practice Principles, and Ethical Corporate Management Operating Procedures and Code of Conduct, engaging in operating activities based on integrity, fairness, and reasonableness with the management goal of zero violations. We set up complaint and whistleblowing channels and encourage employees to report any illegal conduct or violations of the Code of Ethics.</p> <p>The Company's departments periodically track and</p>

Promotion Item	Implementation Status		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			<p>update laws and regulations and strictly abide by government regulations in routine operations.</p> <p>2. Environmental issues:</p> <p>The Company established green management concepts based on company operations for the issue of natural resource depletion. Climate change risks are already incorporated in the Company's overall risk management process, and climate risks are identified according to the TCFD framework. Departments plan response strategies based on risk identification results, integrate and manage risks that may impact operations and profits, and submit risk assessment and management reports to the Board of Directors.</p> <p>3. Social issues:</p> <p>The Company complies with the spirit of human rights protection and fundamental principles set forth in the United Nations Global Compact, Universal Declaration of Human Rights, and International Labor Organization Declaration on Fundamental Principles and Rights at Work, fully respecting and protecting human rights.</p> <p>The Company attaches importance to safety management and employee training, and identifies potential risks of each department in daily operating activities, in order to maintain employee safety. The Company thus implemented management systems to raise the safety awareness of employees and contractors, and further prevent occupational accidents from occurring. With regard to talent retention risk, the Company provides a variety of incentives, such as employee bonuses and</p>

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			<p>performance bonuses, and periodically organizes courses for employees to grow at work, in hopes that employees will grow together with the Company. Furthermore, the Company regularly communicates with stakeholders, such as government agencies and local communities, maintains smooth communication channels, and actively responds to the opinions of stakeholders.</p> <p>The Company shall actively implement corporate social responsibilities while conducting corporate operations in order to match international development trends in balanced environment, social, and corporate governance development. The Company shall increase its contribution to the national economy and improve the quality of life for employees, communities, and society by fulfilling its duties as a corporate citizen and advance its competitive advantages based on corporate social values. Please refer to the "(VII) Performance of Corporate Social Responsibility" section of the Corporate Governance Report in the Annual Report (pages 64 to 67).</p>	
III. Environmental issues (I) Has the Company established a proper environmental management system based on the characteristics of the industry?	✓		1. Implementation at the management level: We established ISO-14001 and obtained the ISO-50001 environmental and energy management systems certification in 2024. We aim to continue improving the performance of environment and energy use through ISO management systems, and strengthen environmental and energy management through environmental management plans and energy baseline surveys, the proposal of improvement plans, and the establishment of management systems.	None

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			<p>2. We continued to compile our GHG inventory in 2022 and obtained an ISO—14064 GHG inventory verification statement issued by the SGS.</p> <p>3. The Company's ISO certificates are all still valid and disclosed in the About Hsin Kuang Steel Section (quality policy) on the official website. (<a href="https://www.hkssteel.com.tw/pol_hum.html">https://www.hkssteel.com.tw/pol_hum.html</a>)</p> <p>4. For more information, please refer to the "(VII) Performance of Corporate Social Responsibility" section of the Corporate Governance Report in this Annual Report (pages 64 to 67).</p>	
(II) Is the company committed to improving energy efficiency and using recycled materials which have a low impact on the environment?	✓		<p>We are actively researching waste and resource reuse methods to replace natural resources and raw materials. This will not only reduce energy consumption per unit steel product, but also reduce GHG emissions.</p> <p>For more information, please refer to the "(VII) Performance of Corporate Social Responsibility" section of the Corporate Governance Report in this Annual Report (pages 64 to 67).</p>	None
(III) Does the Company assess the potential risks and opportunities of climate change for its current and future operations and undertake relevant response measures?	✓		<p>The Company has addressed the identification of potential risks in climate change based on the increase of the cost of purchased electricity, changes in rain models, and impact of extreme weather on infrastructure and assessed the possible negative impact on the cost of business operations and revenue. On the other hand, climate change has also brought forth new business opportunities. The Company has focused on investments in green energy and steel materials necessary for the installation of green energy equipment which increases revenue and improves the Company's corporate image.</p> <p>The Company's SBTs are as follows: Using 2023 as the</p>	None

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			<p>baseline year, we are committed to reducing the intensity of Scope 1 (direct emissions) GHG emissions by 10% and Scope 2 (indirect emissions) GHG emissions by 20% by 2030, showing our ambition to adapt to climate change.</p> <p>The Company's actual implementation results in 2024 are as follows:</p> <p>Reduced Scope 1 (direct emissions) GHG emissions intensity by 56%</p> <p>Reduced Scope 2 (indirect emissions) GHG emissions intensity by 5%</p>	
(IV) Does the Company calculate the amount of greenhouse gas emission, water consumption, and waste production in the past two years and implement policies to cut down water consumptions, greenhouse gas emissions, and waste production?	✓		<p>1. We use a system-based management approach to reducing energy consumption per unit product. In the development of product packaging or cutting, we reuse waste and resources to replace raw materials and fuel. Besides improving resource efficiency, this will also achieve carbon reduction and lower the risk of supply shortage due to climate change.</p> <p>2. The Company's strategic goal is circular economy, creating a cross-industry "circular economy chain" to create value through corporate sustainability. The Company improves energy, water, wastewater, and waste management performance through certifications for the international standards ISO-14001, ISO-50001, ISO-14064, and ISO-45001, and plans energy conservation, environmental protection, and production process improvements with higher standards than required by environmental protection regulations. We reduce our impact on the environment through our business philosophy and energy conservation and environmental protection policy.</p>	None

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			<p>3. The Company periodically compiles statistics on GHG emissions, water consumption, and waste recycling each year.</p> <p>The Company's actual implementation results in 2024 are as follows:</p> <p>(1) Scope 1 emissions was 1,897.61 tons CO<sub>2</sub>e, accounting for 42.43% of Scope 1+2 emissions. Scope 2 emissions was 2,574.89 tons CO<sub>2</sub>e, accounting for 57.57% of Scope 1+2 emissions. Total Scope 1+2 emissions decreased by 2,556.37 tons CO<sub>2</sub>e compared with the previous year, and Scope 1+2 GHG emission intensity was 0.371 (tons CO<sub>2</sub>e/NT\$1 million)</p> <p>(2) Water consumption was 19.72 million liters, a decrease of 2.3 million liters or 11% compared to the previous year.</p> <p>(3) The total weight of waste was 171.89 tons, a decrease of 24.44 tons or 12% compared to the previous year, achieving the annual reduction target of 1%.</p> <p>Relevant information is disclosed in the ESG section of the official website and in the annual sustainability report.</p>	
IV. Social issues (I) Has the company formulated appropriate management policies and procedures in accordance with laws and the International Bill of Human Rights?	✓		Hsin Kuang Steel deeply believes that respect for human rights and creating a work environment with dignity is of utmost importance to the Company and supply chain partners. The Company creates a people-oriented healthy workplace environment and complies with the Universal Declaration of Human Rights (UDHR), United Nations Global Compact (UNGC), and International Labor Organization Declaration on Fundamental Principles and Rights at Work, as well as	None

Promotion Item	Implementation Status		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No Summary	
		<p>local labor related regulations of business locations. The Company announced the human rights policy to protect employees lawful rights, and treats all employees with dignity and respect, including contract-based personnel and interns. The applicable scope includes the Company and domestic and overseas subsidiaries, joint ventures, suppliers, business partners, and other affiliated enterprises with substantial control. After approval by the chairman, it is disclosed on the group's official website, internal electronic bulletin board, and Corporate Social Responsibility Report.</p> <p>The group takes ESG very seriously and exerts every effort to protect employee rights and interests, actively creating a friendly workplace with healthy mutual help. The Company's employees can report any difficulties they encounter in the workplace, such as epidemic prevention, safety and health in the workplace environment, gender equality, work hours, and employee care, through the employee opinion e-mail. The opinions are kept confidential and handled by dedicated personnel to protect employees.</p> <p>The Company also established regulations and complaint channels under the "Anti-discrimination and Anti-harassment Policy." New employees take courses on the prevention of discrimination and harassment and complaint mechanisms when they report for duty, actively protecting the rights and safety of every employee.</p> <p>The group included the human rights policy, Ethical Corporate Management Best Practice Principles, and Anti-discrimination and Anti-harassment Policy into required training courses each year. All employees are</p>	

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			<p>require to read policy documents of the Company, so that they fully understand the Company's commitment to protect employees' rights and interests.</p> <p>Furthermore, the Company actively engages in human rights issues and organizes seminars and activities related to labor and ethical corporate management regulations, mental and physical health, employee care, and benefits. Total training hours reached 3,501 hours in 2024. The Company's human rights policy is disclosed in the About Hsin Kuang Steel Section on the official website (human rights policy). (<a href="https://www.hkssteel.com.tw/pol_hum.html">https://www.hkssteel.com.tw/pol_hum.html</a>)</p> <p>For more information, please refer to the descriptions in the "V. Employees-employer relations" section of the Operational Highlights in this Annual Report (pages 134 to 138).</p>	
(II) Has the company established and implemented reasonable employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	✓		<p>The Company not only provides competitive salaries and bonuses, but also attaches importance to an open work environment with diversity and gender equality, where employees are not treated differently due to their gender, race, religion, political affiliation, and marital status. Female employees accounted for 24.38% of all employees and female managers accounted for 31.48% of all managers at the Company in 2024. The Company strives to create a gender friendly workplace to attract and retain talent.</p> <p>The Company examines employee salary standards and bonus system through salary survey reports based on business goals, individual performance, and corporate social responsibility, and fully links overall profits to employees' individual performance. Everyone in the Company from the top to bottom must be eco-friendly,</p>	None

Promotion Item	Implementation Status		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			<p>and the incentives and bonus system are designed with the purpose of focusing on nature and social welfare to reward employees with excellent performance. A structural salary adjustment of 3.5% was made for all employees in 2024 to retain talent and ensure that salaries are competitive in the market.</p> <p>The Company upholds the core value of being people-oriented and planned a variety of employee benefits, including paid leave better than required by law (e.g. paid care leave), flexible work hours, and work from home, so that all employees will be able to balance health and safety, family care, and flexible work. The Company also planned complete and comprehensive benefits, including employee health examinations, health insurance, scholarships for employees' children, marriage and childbirth, cash gifts during holidays, and emergency aid. The Company provides employees with the most thoughtful care for the body, mind, and soul, and continues to fulfill its responsibility to care for employees' physical and mental health. Measures and rules relating to employees with excellent performance or improper conduct are clearly specified in the Work Rules. In 2024, a total of 11 health lectures were provided at the head office, Guanyin Plant, Changbin Plant, Kaohsiung Plant, and subsidiaries of the group, with a total of 265 participants.</p>

Promotion Item	Implementation Status		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
(III) Does the company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	✓		<p>1. "Zero occupational injuries" is the Company's goal and has been achieved</p> <p>The Company attaches great importance to employee safety in the work environment, establishing not only an occupational safety and health management system, but also an Occupational Safety and Health Management Department, which oversees company-wide labor safety and health affairs. The Company attaches importance to and continues to carry out employee safety and health training and simulation drills, and stepped up training and communication related to the work environment, equipment, and hazardous substance management, in order to ensure the safety and health of employees at work. The Company's occupational safety and health policy is disclosed in the About Hsin Kuang Steel Section on the official website. (<a href="https://www.hkssteel.com.tw/pol_hum.html">https://www.hkssteel.com.tw/pol_hum.html</a>)</p> <p>In 2024, a total of 848 participants received 2,154 hours of training related labor safety and health.</p> <p>The Company established an occupational safety and health management system, and the Occupational Safety and Health Management Department is responsible for convening quarterly Labor Safety and Health Committee meetings, tracking work results and project progress, and carrying out review and improvement. The Company has convened a total of 36 monthly occupational safety meetings since 2022.</p> <p>With regard to health and safety training, the Company arranges safety and health training for new employees, current employees receive one hour of safety and health training each year, and there are</p>

Promotion Item	Implementation Status		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No Summary	
		<p>EHS patrols and reporting mechanisms at each location. The Company organizes labor, safety, and disaster prevention training courses according to government regulations each year, and arranges for employees to receive training and re-training for certifications, such as first aid, hypoxia operations, hazardous equipment, and occupational safety and health supervisor, in accordance with the law. We compiled a list of potential safety hazards in the work environment, organized safety promotions and fire drills, and participated in the disaster prevention events and certification training organized by the government, including air pollution prevention, fire safety manager training, and pneumoconiosis diagnosis and case study. A total of 2,168 participants received EHS training for a total of 5,420 hours; 802 participants received 2,231 hours of training in 2024, and there were no occupational disease cases.</p> <p>The Company began providing on-site health services in 2022, and hired health workers to provide on-site health examination services in accordance with the law, improving and caring for the health of workers in plants, while lowering the risk of occupational accidents. The Company also implements health promotion measures, including organizing health seminars and related training. On-site health services have been provided to 394 people since the services were offered in 2022. We implemented four major projects, including ergonomics, overload, workplace violence, and maternity health protection. The health condition of employees is evaluated through health examinations and questionnaires, and employees are divided on this</p>	

Promotion Item	Implementation Status		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			<p>basis, in which health recommendations are provided to employees with medium and high health risk. In 2024, 60 on-site health consultations were arranged based on the abovementioned questionnaire. The workplaces included the head office, Guanyin Plant, Changbin Plant, Kaohsiung Plant, and subsidiaries of the group, and services were provided to 139 people.</p> <p>2. All workplaces of the Company have obtained the ISO 45001 Occupational Safety and Health Management System certification. The certificate is effective until the end of May 2025 and raises internal awareness of occupational safety. The Company appointed 12 seed trainers in all of its workplaces to provide better safety for caregivers. Of the aforementioned seed trainers, 6 are qualified as internal auditors and have received up to 48 hours of training.</p> <p>3. A total of 5 occupational accidents occurred in 2024 and 5 employees were injured as a result, accounting for 1.73% of all employees. The injuries were all due to not following safety rules, and safety precautions training and related improvements were subsequently carried out. The Company intensified training, such as high pressure gas, lifting safety training, and pipeline labeling, to prevent occupational accidents from occurring again. In 2024, a total of 248 trainees received 195 hours of training.</p> <p>4. The Company did not have any fire accidents in 2024. Regarding protection and response to fire accidents, the Management Department organized courses and actual disaster prevention drills in the factory in 2024, so that employees will understand fire prevention</p>

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			knowledge and the SOP in the event of a fire accident. Each workplace holds different types of fire safety and emergency response drills every year, with a total of 11 training sessions and 420 participants, covering self-defense fire drills and response training for emergencies such as earthquakes, power outages, torrential rain, falling, and gas tank leaks.	
(IV) Does the Company offer employees effective occupational empowerment training programs?	✓		<p>The Company attaches great importance to the competency training and development needed by employees in each stage of their lives. The Company established the Education and Training Management Regulations to develop employees' foresight, groundbreaking developments, and professional competencies in different fields when facing complex and volatile environmental issues. The Company also integrated internal and external resources to develop and improve employees' abilities, and allow employees to grow together with the Company. In 2024, a total of 974 participants received 5,982 hours of external training.</p> <p>The Company emphasizes instilling all employees with sustainability concepts, developing professional competencies, and combining core expertise with circular economy concepts and practices. Therefore, the Company provides comprehensive learning channels and development resources, including on-the-job training, course training, work guidance, internal lecturer system, and job rotation. The Company develops employees' professional competencies in different fields and strengthens their ability to handle and respond to problems through a variety of external training courses, as well as new knowledge in the world. A total of 2,377 participants received 2,603 hours of</p>	None

Promotion Item	Implementation Status		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			<p>internal on-the-job training from 148 courses in 2024.</p> <p>The Company adopted the e-learning platform CommonWealth Leader Campus in 2023. The platform's training module aims to provide diverse professional training, ESG seminars, professional competency improvement courses, English training, and information security and occupational safety education to entry-level employees and middle and senior management. The platform contains a knowledgebase and provides general education on health and aesthetics to maintain a good environment for talent cultivation and channels, allowing employees to grow together with the Company. All employees collectively received 26,727 units of training between January 9, 2023 and April 30, 2025, and 26.59% of employees participated in 2024.</p> <p>For more information, please refer to the descriptions in the "V. Employees-employer relations" section of the Operational Highlights in this Annual Report (pages 134 to 138).</p>
(V) Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing and labeling of products and services, and other related issues and does it establish relevant consumer or customer protection policies and grievance procedures?	✓		None

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			requirements before product shipment, so as to ensure that customers' requirements are met.	
(VI) Does the Company establish supplier management policies, which require suppliers to observe relevant regulations on environmental protection, occupational safety and hygiene, or labor and human rights, and describe the implementation results?	✓		<p>The Company continues to strengthen supply chain management. It requires and encourages suppliers and contractors to constantly improve in quality, costs, delivery period, environmental protection, safety and sanitation. The Company and main suppliers and contractors maintain mutually beneficial cooperation through regular exchanges between management as well as exchanges and sharing of experience in production technologies to enhance partnerships and pursue better performance and greater contributions to the society. As described above, when contractors conduct high-risk operations, they shall be required to clearly define safety protection and preventive measures required of the workers. The contractors that carry out factory construction or work at heights shall also be required to establish Occupational Health and Safety Assessment Series (OHSAS 18001) standards or related control systems. Their employees shall also be required to complete comprehensive work training.</p> <p>The Company carries out the following tasks for its supplier management policy and supplier conduct management:</p> <p>1. The Company distributes a sustainability questionnaire during the annual supplier conference to survey the ESG results of suppliers. Suppliers first conduct a self-evaluation, which is then reviewed by the Company and a third party consultant. A total of</p>	None

Promotion Item	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			<p>42 questionnaires have been distributed over the years. If the score does not meet standards, the supplier is classified as a high risk supplier, and improvement results are periodically tracked.</p> <p>2. The theme of the 2024 Supplier Conference was "Green Action, Sustainable Development for Common Good," calling on all suppliers to continue to pay attention to and support environmental sustainability, carbon neutrality, and green procurement. The Company works together with suppliers to face the challenges and opportunities brought by sustainable development, build long-term stable partnerships, create a win-win situation, create sustainable value, and demonstrate the resilience and strength of Taiwan's industry in the new situation. In addition to ESG-related training at the conference, the Company also recognized suppliers with excellent sustainability performance.</p> <p>3. As of the end of 2024, 23 suppliers signed the Company's Supplier Code of Conduct.</p>	
V. Does the Company prepare sustainability reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the Company obtain third-party assurance or qualified opinion for the reports above?	✓		<p>The Company's Sustainability Report is prepared according to the GRI Sustainability Reporting Standards (GRI Standards) Core Options, GRI G4 Sector Disclosures – Mining and Metals, and Sustainability Accounting Standards Board (SASB) building materials industry guidelines.</p> <p>Deloitte provides limited assurance of compliance with the GRI and SASB according to TWSAE3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information published by the Accounting Research and Development Foundation (established with reference to ISAE 3000 Revised).</p>	None

Promotion Item	Implementation Status		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			<p>The matters being assured may change along with the material topics each year. Using the Company's 2023 Sustainability Report as an example, the assurance items include: 1. GRI 2-27: Compliance with laws and regulations; 2. GRI 204-1: Proportion of spending on local suppliers; 3. GRI 303-3: Water withdrawal; 4. GRI 306-3: Waste generated; 5. GRI 401-1: New employee hires and employee turnover; 6. GRI 401-3: Parental leave; 7. GRI 403-9: Work-related injuries; 8. Self-defined indicator: Installed capacity and electricity generation using renewable energy in 2023, covering all three aspects of ESG.</p> <p>The Company has received awards for consecutive years since 2019, and won the TCSA Taiwan Corporate Sustainability Report Awards - Traditional Manufacturing - Platinum Award in 2024.</p>
<p>VI. If the Company has established sustainable development principles based on "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe any difference between the principles and their implementation:</p> <p>The Company has established Corporate Social Responsibility Best Practice Principles, which were approved by the Board of Directors in December 2010 and subsequently revised to strengthen the fulfillment of corporate social responsibilities. The revisions were approved by the Board of Directors in January 2017 and January 2019. The Company regularly reviews the implementation status of these Principles, making improvements accordingly. There has been no difference between the principles and their implementation. In addition to focusing on the development of its operations in the industry, the Company maintains an ethical and harmonious corporate culture in its fair treatment of shareholders, employees, and the public. The Company has adopted basic ideals for compliance with laws, conducts business in accordance with laws, and shall not take part in illegal activities. The Company values corporate governance and seeks to attain balance in the benefits of shareholders, employees, and all stakeholders. We also provide high-quality work opportunities including good pay, challenging work content, and a comfortable and secure work environment. It is the Company's responsibility to take care of the physical and mental needs of employees. The Company also participates in social welfare activities, donates life-support systems and ambulances to give back to society. Please refer to descriptions in "(VII) Performance of Corporate Social Responsibility" of the Corporate Governance Report in the Annual Report (pages 64 to 67).</p>			
<p>VII. Other critical information conducive to understanding the promotion of sustainable development:</p> <p>Completed a GHG inventory, collected data, and carried out inventory verification in 2024 to focus on setting goals for carbon reduction. In the mid-term, we will gradually verify, disclose, and communicate information on GHG emissions in the supply chain, making preparations for the impact of</p>			

carbon fees (taxes) on the Company's operations.

The Company upholds the philosophy to give back what is taken from society, and starts with community care, showing care and taking action to cultivate talent and support the underprivileged. The Company spent a total of NT\$1.08 million on community care in the name of Hsin Kuang Steel Co., Ltd., Hsin Kuang Steel Tian-Cheng Charity Foundation, and New Taipei City Hui Jung Welfare and Charity Foundation in 2024. Donations to charity were for talent cultivation and promotion of education and culture 37.2%, implementation of community care 27.3%, aid for the disadvantaged 22.7% and medical subsidies 9.1%.

The Company continues to dedicate itself to advancing corporate social responsibilities, energy conservation, carbon emissions reduction, resource recycling, and other environmental protection efforts. The Company upholds sustainable development ideals for environmental protection, clean energy, and space reuse and uses rooftop of factories to set up PV panels to produce energy in order to reduce energy consumption and carbon emissions and implement environmental protection measures, and has also set up solar-powered street lights. The Company generated 24.43 million kWh of electricity in 2024. We have reduced CO<sub>2</sub> emissions by nearly 12,074 tons, which is equivalent to the CO<sub>2</sub> absorption of 31 Da'an Forest Parks. Over the years, we have produced 100.23 million kWh of electricity and reduced CO<sub>2</sub> emissions by nearly 51,127 tons, which is equivalent to 131 times the amount of CO<sub>2</sub> that can be absorbed by Da'an Forest Parks.

Please refer to the "(VII) Performance of corporate social responsibility" section of the Corporate Governance Report in the Annual Report (pages 64 to 67).

#### Implementation status of climate-related information

##### 1 Implementation status of climate-related information

- (1) Describe supervision and governance of climate-related risks and opportunities by the board of directors and management.

##### **Highest Level Climate-related Governance Unit - Board of Directors**

Mr. Alexander M.T.Su, Chairman of Hsin Kuang Steel Co., Ltd., governs the company with a serious attitude, takes the responsibilities of the Board of Directors seriously, and is committed to building a "serious, capable, and independent" Board of Directors. Risk management is one of the main responsibilities of the Board of Directors (see the 2023 Sustainability Report for other main responsibilities). The Board of Directors is fully aware of the risks, impacts, and importance of climate change to the Company's sustainable development. Therefore, climate change has been listed as a material issue and risk management item for sustainable development. The highest level governance unit for climate change at Hsin Kuang Steel is the Board of Directors. It is responsible for directing the Company's response to climate change, deciding on plans and management goals for risks derived from climate change, and overseeing the implementation of climate resilience plans. In addition, each director has also actively taken courses related to climate change, such as the "Trend of net zero emissions and response strategies of the paper industry: Carbon credit management and contribution to net zero" offered by Taiwan Corporate Governance Association in 2023 and the "Cathay Sustainable Finance and Climate Change Summit Forum" held every year, in order to enhance the board's ability to manage climate change.

##### **Climate-related Core Management - Corporate Social Responsibility Task Force**

With regard to the implementation of climate risk management at Hsin Kuang Steel, since sustainable development originates from climate change, the Board of Directors has appointed Hsin Kuang Steels' "Corporate Social Responsibility Task Force," which is responsible for sustainable development affairs, to be responsible for climate risk management. The task force is formed by department heads and personnel who regularly monitor the potential

impact of new and old climate risks and opportunities on the Company's operations, and evaluate and track the Company's response to climate change according to the climate change risk and opportunity management process established based on the TCFD framework. The task force also summarizes the implementation progress and results of climate change management, reports it to the Board of Directors, and obtains related opinions, guidance, and approval.

治理

- 成立「企業社會責任小組」，負責制定企業永續發展策略、推動企業社會責任相關工作與管理。
- 定期向董事會報告氣候風險，由董事會與監事會執行情形。

策略

- 導入氣候相關財務揭露評估框架，並參考國際以上氣候變遷情境，完成氣候相關風險與機會識別。

風險管理

- 召集相關部門，藉由綜合討論與問卷調查、統整對營運有顯著影響的氣候相關風險及機會。

指標與目標

- 根據所釐出之氣候相關風險與機會，會訂定績效指標與量化目標，並追蹤達成率。

(2) Describe how the climate risks and opportunities identified affect the Company's business, strategies, and financial position (short-term, mid-term, long term).

The Company assesses climate risks and opportunities every two years according to the TCFD framework. The scope of the assessment is the Company's steel cutting and processing and logistics service businesses in Taiwan (including the production of steel parts). Considering that the Company's carbon emissions are concentrated in steel cutting and the production of steel parts, senior managers of each department and external consultants identified transition risks, physical risks, and opportunities derived from external changes and trends in policies and regulations, markets, and climate disasters, as well as internal operational strategies.

Based on the TCFD guidelines and industry-specific recommendations, 5 key climate risks and 6 derived opportunities were identified in 2024. Besides reviewing current response strategies and adaptation measures, we evaluated the impact of risks and opportunities based on scope and duration, and integrated them into Climate action—Low-carbon cycle, adaptation to natural disasters, mutual prosperity with the supply chain, low-carbon products, R&D and innovation, and new energy business, engaging in transition and strengthening the Company's operational resilience on this basis.

Response measures and strategies are formulated based on the duration and severity of impact, climate change risks and opportunities are summarized below:

Risks	Opportunities	Financial impact		Climate action	Period
		Impact of risk	Impact of opportunity		
Total carbon emissions control: carbon trading, carbon fees, and carbon taxes	Participation in the carbon trading market	Cost increases	Increase in income	Total carbon emissions control: carbon trading, carbon fees, and carbon taxes	Short-term
Renewable energy regulations and purchase	Participation in the electricity trading market	Capital expenditures Cost increases	Revenue increases Cost decreases		

Risks	Opportunities	Financial impact		Climate action	Period
		Impact of risk	Impact of opportunity		
Investments in low-carbon technologies, equipment, and management costs	Smart low-carbon production and collaborative waste disposal Expansion of low-carbon product market	Capital expenditures Cost increases	Revenue increases Cost decreases	Low-carbon circulation Low-carbon products Mutual prosperity with the supply chain	Short-term
Rising prices of raw materials and energy					Mid-term
Impact on the Company's reputation	Attract investors Long-term investment intention	Decrease in available funds	Increase in available funds	Low-carbon circulation Adaptation to natural disasters Mutual prosperity with the supply chain Low-carbon products R&D and innovation Development of new energy business	Short-term
Impacts the strength of support, such as investment and loans from financial institutions and insurance					
Flood (Production)	-	Decrease in revenue Cost increases	-	Adaptation to natural disasters Mutual prosperity with the supply chain	Short-term
Changes in rainfall patterns and extreme changes in weather (transportation)					
Drought (Production)					

- (3) Describe the impact of extreme weather events and transition actions on the Company's financial position.  
Facing the potential impact of global warming and extreme weather on operations, the Company has incorporated climate risks into its overall risk management policy. Please refer to Item (2) for details.
- (4) Describe how the identification, assessment, and management process of climate risks is integrated in the overall risk management system.  
The world's attention has been gradually redirected to geopolitics and supply chain disruption risks since Trump took office as U.S. President in 2016 and launched the trade war. The lockdowns and quarantine imposed due to the COVID-19 pandemic in 2019 have completely disrupted business operations and brought emerging risks. There have been frequent regional conflicts and intimidation, such as the Russo-Ukrainian War and the Middle East War, in the past 2 years. The uncertainty of global trade has drastically risen in a short period of time, and the risks are unlike anything we have ever seen before. Risk management has clearly become an important issue in recent business operations. In this regard, Hsin Kuang Steel has mature risk management mechanisms, and has focused on the control of four major risk aspects, namely "operations," "finance," "hazards," and "concentration of purchases or sales" over the years. We strive to achieve the social vision of "co-creating sustainable development, fairness and justice, and building a beautiful Taiwan." Under the social vision, "providing appropriate risk management for all stakeholders" is one of the objectives of Hsin Kuang Steel's risk management and an important principle in the management process. Hsin Kuang Steel values the opinions and voices of stakeholders, and incorporated risk-related feedback into internal risk management discussions. For more information, please refer to "(VII) Performance of Corporate Social Responsibility" in the Corporate Governance section of this Annual Report (pages 64 to 67).

The management process for climate risks and opportunities are as follows:

1. Understand global climate change issues and trends	2. Identify climate risks and opportunities	3. Formulate response measures	4. Quantify the financial impact	5. Establish metrics and targets	6. Track and manage progress
The Corporate Social Responsibility Task Force regularly monitors climate change information and maintains contact with external units to understand global risk trends and topics of concern, as well as changes in assessment and disclosure standards for climate-related information, in order to prepare for the annual TCFD training and workshop.	Call together employees of each unit to participate in the TCFD training and workshop, assess the scale of impacts from climate risks and opportunities, and identify material risks and opportunities based on the principle of materiality. (For more information, please refer to "II. Risk Management" in the Company's 2024 TCFD Report).	Formulate response strategies and consider the resources required for the response strategies for major climate change risks and opportunities.	The responsible unit assesses the financial impact and response costs arising from climate change risks and opportunities.	Related metrics and targets are set for response measures, risks, and opportunities to facilitate the implementation of climate change management.	The Corporate Social Responsibility Task Force regularly tracks the implementation status every year and submits regular reports to the Board of Directors as a reference for performance tracking.

1. Understand global climate change issues and trends	2. Identify climate risks and opportunities	3. Formulate response measures	4. Quantify the financial impact	5. Establish metrics and targets	6. Track and manage progress
Implementation results: Invite external units to co-organize TCFD training and workshops and explain global risk trends, climate change and potential impacts, and the TCFD framework.	Implementation results: The Company's 5 key risks and 6 potential opportunities in 2024 were selected according to categories of the TCFD.	Implementation results: Climate action.	Implementation results: Climate action management indicators and non-financial indicator performance.	Implementation results: Climate action management indicators and non-financial indicator performance.	Implementation results: Climate action management indicators and non-financial indicator performance.

Note: The Company determines the materiality of risks and opportunities based on "probability of occurrence" and "degree of impact," and identifies material risk and opportunity factors on this basis. Although financial impact and the classification of financial impact is included in the calculation of "Degree of impact," it does not define the threshold for financial materiality.

(5) If scenario analysis is carried out to evaluate resilience to climate change risks, describe the scenarios, parameters, assumptions, analysis factors, and main financial impact.

According to the TCFD supplementary guidelines and recommendations for the metals and mining sector, the Company is located in the mid-stream of the steel industry chain and its carbon emissions is relatively low compared to the overall industry. In view of this, the Company assessed that international scenarios (such as IPCC, IEA) are sufficient to assist in the management of climate issues. At the same time, with consideration to current resources and experience, the content of the scenario analysis is a qualitative assessment. The Company analyzes and evaluates the carbon pricing, carbon emissions, and extreme weather events in climate risk scenarios.

Climate risk scenarios for carbon pricing and carbon emissions control:

To analyze the direction of GHG regulations in the countries where the Company mainly operates, we use the carbon price trends in two scenarios, specifically the Announced Pledges Scenario (APS) and the Net Zero Emissions by 2050 Scenario (NZE2050), to assess the financial impact on the Company.

Climate risk scenarios for extreme weather events:

Based on the geographical location of the Company's operations, we evaluate the financial impact on the Company brought by potential risks of floods, droughts, typhoons, and high temperatures to each plant. The results of the aforementioned scenario analysis are considered in the resilience strategy, and then the response plan for mitigation and adaptation is adjusted accordingly.

Summarizing the abovementioned risk types and assumptions of different scenarios:

Risk type	Scenario selection	Key parameters	Evaluation Content
Transition Regulatory control of GHG and carbon pricing policy	SBTi 1.5°C path to net zero Nationally Determined Contribution (NDC) of the R.O.C.	The assumed carbon price of the location or region where the Company operates in different scenarios (Note 1)	Assess the risks associated with the low-carbon transition to control temperature rise within approximately 1.5°C. The Company will set a net-zero path that meets SBT requirements, set reduction targets, and refer to the carbon credit prices of NDC and IEA to calculate the financial impact of carbon tax on the Company.
Physical Floods, droughts, typhoons, and long-term climate pattern changes	SSP5-8.5 (Note 2)	The duration of drought, changes in precipitation index, number of typhoons, number of days with extremely high temperature, and annual maximum daily rainstorm intensity caused by extreme weather	Controlling the temperature rise in the maximum warming scenario, we assessed the operational impact of more severe droughts and the increase in the number of strong typhoons caused by extreme weather in the middle of the century, which may increase the cost of alternative transportation and equipment maintenance.  Controlling the temperature rise in the ideal mitigation or maximum warming scenario, we assess the changes in risk of high temperatures, floods, and droughts caused by extreme weather.

Note 1: The source of assumptions for carbon price are the World Energy Outlook 2022 and carbon pricing options for Taiwan 2020, and preferential carbon fee rates is not considered.

Note 2: Cited from the scenarios SSP5-8.5 in the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC) in 2021. SSP5-8.5 is the scenario for Taiwan's total annual rainfall. It assumes that torrential rainfall and the maximum number of consecutive days without rainfall will increase by approximately 15.7% and 15.3% by the end of this century.

(6) If there is a transition plan in place in response to climate-related risks, describe the contents of the plan and the indicators and goals used to identify and manage physical risks and transition risks.

The response to climate change is a global movement, and countries and companies around the world are complying with the global consensus and government regulations in taking actions of various scales within their capabilities. Hsin Kuang Steel considers itself a global citizen and enterprise, and has long integrated climate change risks and opportunities into its ESG sustainable development blueprint. The Company has taken various actions, including building new plants based on the circular economy model, redesigning production processes, improving energy and resource efficiency, and preventing

pollution and waste generation from the source, to actively respond to expectations for "affordable and clean energy" and "climate action" in the United Nations Sustainable Development Goals (SDGs).

Compared with the overall industry, the sustainable development of Hsin Kuang Steel is inseparable from the climate. According to the analysis results of material issues in the 2024 Sustainability Report of Hsin Kuang Steel, "climate change" ranked fifth in negative impact among the 19 sustainability issues involved in Hsin Kuang Steel's operations, while "green industry promotion" and "supply chain management" ranked first and fourth in positive impact, respectively. Hsin Kuang Steel holds a rigorous attitude and follows the risk management framework when breaking down and understanding the interaction between climate and Hsin Kuang Steel to formulate response strategies. A detailed analysis is presented in "Chapter 3 - Strategy" of this report. To strengthen the implementation of response strategies, Hsin Kuang Steel followed the TCFD framework and referenced the IFRS S2 guidelines to summarize four directions for climate change management, namely "cooling," "water conservation," "increase resilience," and "green knowledge," and formulated relevant targets and disclosed corresponding metrics. In addition, given that climate is deeply affected by the environment, ecology, and industrial development, and that "waste management" is one of the top five topics of concern to stakeholders, Hsin Kuang Steel has also included "waste reduction" in the Company's climate change management targets.

Therefore, the Company has formulated appropriate indicators for multiple strategic aspects and sets positive goals. We continue to track the progress of the goals every year and examine the results with a rigorous attitude to manage climate-related risks and opportunities.

Climate-related metrics and targets are as follows:

Metric	Targets in 2025	Targets in 2030	Targets in 2050
Reduction of GHG emissions   Taiwan	Reduce annual GHG emissions by 1%	Reduce annual GHG emissions by 5%	
Reduction of water withdrawal intensity   Taiwan	0.000264	0.000240	0.000192
Thermal substitution ratio   Taiwan	35%	40%	45%
Raw material substitution ratio   Taiwan	28%	35%	40%
Accumulated renewable energy installation   Taiwan	Manage 20 MW	Manage 30 MW	Manage 50 MW
Percentage of the sustainable supply chain that signed the Supplier Code of Conduct	20%	60%	100%

(7) If internal carbon pricing is used as a planning tool, describe the basis for pricing.

In order to strengthen the implementation and management of carbon reduction targets in each of the Company's plants, with reference to the recommendations of the London School of Economics and Political Science in a study on Taiwan's carbon pricing system commissioned by the Environmental Protection Agency (now the Ministry of Environment) in 2020, we set a carbon price of NT\$300 per ton as the basis for capital investments, operational transition actions, and major decisions.

We are assessing the use of an AI carbon reduction management platform in the future. The platform will use production data from plants to calculate the carbon emissions of raw materials and energy use through an automated program, analyze emission hot spots and provide carbon reduction suggestions. The platform can further manage the carbon reduction KPIs of each plant and link it to salaries, affecting bonuses for senior managers and employees. The links will be gradually expanded to core businesses and extend management to the Group's overall GHG emissions.

(8) If climate-related goals were set, describe the activities covered, scope of GHG emissions, schedule, and progress each year. If carbon offset or RECs are used to achieve goals, describe the source and amount of offset quota or the number of RECs.

The Company has set climate-related metrics and targets, please refer to the description of Item (6) for details. The Company has not used carbon offsets or renewable energy certificates (RECs) to achieve relevant targets.

(9) Greenhouse gas inventory and assurance, reduction targets, strategies and specific action

A. Information on GHG inventory

Describe the emission volume (tons CO<sub>2</sub>e), intensity (tons CO<sub>2</sub>e/million NTD), and data coverage of greenhouse gases in the past two years.

Basic information of the Company	Pursuant to the sustainable development roadmap of TWSE/TPEX-listed companies, at least the following shall be disclosed
<input checked="" type="checkbox"/> Company with capital of NT\$10 billion and above, steel industry, cement industry	<input type="checkbox"/> Individual inventory of the parent company
<input type="checkbox"/> Company with capital of NT\$5 billion and above but less than NT\$10 billion	<input type="checkbox"/> Inventory of subsidiaries in the consolidated financial statements
<input type="checkbox"/> Company with capital less than NT\$5 billion	<input checked="" type="checkbox"/> Individual assurance for the parent company
	<input checked="" type="checkbox"/> Assurance for subsidiaries in the consolidated financial statements

A1. ☒ Individual assurance for the parent company

	2024		2023	
Scope 1 Parent company	Total Emissions (tons CO <sub>2</sub> e) 1,897.61	Intensity (tons CO <sub>2</sub> e/NT\$1 million) 0.157	Total Emissions (tons CO <sub>2</sub> e) 4,313.06	Intensity (tons CO <sub>2</sub> e/NT\$1 million) 0.317
Scope 2 Parent company	Total Emissions (tons CO <sub>2</sub> e) 2,574.89	Intensity (tons CO <sub>2</sub> e/NT\$1 million) 0.213	Total Emissions (tons CO <sub>2</sub> e) 2,715.82	Intensity (tons CO <sub>2</sub> e/NT\$1 million) 0.200
Scope 3 Parent company	Total Emissions (tons CO <sub>2</sub> e) 811,684.59	Intensity (tons CO <sub>2</sub> e/NT\$1 million) 67.273	Total Emissions (tons CO <sub>2</sub> e) 827,455.33	Intensity (tons CO <sub>2</sub> e/NT\$1 million) 60.901

Note 1: Data coverage of direct emissions (scope 1) and indirect energy emissions (scope 2): All factories of the Company in Taiwan.

Note 2: The energy intensity in 2024 and 2023 is calculated based on the Company's net revenue of NT\$12,065,511 thousand and NT\$13,586,827 thousand, respectively.

Note 3: The Company's data on direct emissions (Scope 1), energy indirect emissions (Scope 2) and other indirect emissions (Scope 3) in 2024 and 2023 were all verified by third-party institutions, including SGS Taiwan. The certificates can be viewed on the sustainability certifications page of our official website.

Note 4: Scope 3: Each plant of the Company took inventory and completed verification of a portion of upstream and downstream transportation and distribution (Category 3). Based on the results of materiality identification, the Head Office takes inventory of a portion of purchased goods and services (Category 4) and downstream leased assets (Category 5). The data types disclosed by the Company for Scope 3 are not all 15 items in the GHG Protocol.

Note 5: The decrease in Scope 3 in 2024 compared to 2023 is due to the decrease in revenue in 2024.

A2. ✓ The following data is assurance by all companies in the consolidated financial report.

	2024		2023	
	Total Emissions (tons CO <sub>2</sub> e)	Intensity (tons CO <sub>2</sub> e/NT\$1 million)	Total Emissions (tons CO <sub>2</sub> e)	Intensity (tons CO <sub>2</sub> e/NT\$1 million)
Scope 1 Consolidated	2,226.06	0.153	4,760.23	0.296
Scope 2 Consolidated	Total Emissions (tons CO <sub>2</sub> e) 4,248.00	Intensity (tons CO <sub>2</sub> e/NT\$1 million) 0.291	Total Emissions (tons CO <sub>2</sub> e) 4,507.17	Intensity (tons CO <sub>2</sub> e/NT\$1 million) 0.280
Scope 3 Consolidated	Total Emissions (tons CO <sub>2</sub> e) 1,035,275.26	Intensity (tons CO <sub>2</sub> e/NT\$1 million) 70.947	Total Emissions (tons CO <sub>2</sub> e) 1,247,850.29	Intensity (tons CO <sub>2</sub> e/NT\$1 million) 77.627

Note 1: Data coverage of direct emissions (scope 1) and indirect energy emissions (scope 2): All factories of the Company in Taiwan.

Note 2: The energy intensity in 2024 and 2023 is calculated based on the Company's net consolidated revenue of NT\$14,592,238 thousand and NT\$16,074,889 thousand, respectively.

Note 3: The Company's data on direct emissions (Scope 1), energy indirect emissions (Scope 2) and other indirect emissions (Scope 3) in 2024 and 2023 were all verified by third-party institutions, including SGS Taiwan. The certificates can be viewed on the sustainability certifications page of our official website.

Note 4: Scope 3: Each plant of the Company took inventory and completed verification of a portion of upstream and downstream transportation and distribution (Category 3). Based on the results of materiality identification, the Head Office takes inventory of a portion of purchased goods and services (Category 4) and downstream leased assets (Category 5). The data types disclosed by the Company for Scope 3 are not all 15 items in the GHG Protocol.

Note 5: Scope 3 emissions decreased in 2024 compared to 2023 due to the decrease in consolidated revenue in 2024.

#### B. GHG Assurance Information

Describe the assurance situation in the last two years as of the date of report, including the scope of assurance, the certification body, the criteria for assurance, and assurance opinions.

2024 and 2023: We have not yet obtained a complete GHG assurance opinion before the date of report. Complete assurance information will be disclosed in the 2024 sustainability report.

C. Greenhouse gas reduction targets, strategies, and specific action plans

Describe the greenhouse gas reduction baseline year and its data, reduction targets, strategies, specific action plans, and achievement of reduction targets.

- (I) The Consolidated Entity's GHG baseline year is 2024 with emissions of 1,041,749.31 (tons CO<sub>2</sub>e). The GHG emission data are inspected by a third-party every year in accordance with the requirements of the Ministry of Environment and disclosed in the Company's ESG report.

- (II) The Consolidated Entity's GHG reduction target is set internally, with the goal of reducing GHG emissions by 1% each year.

In 2024, the actual reduction in GHG emissions was 17%, which achieved the GHG emissions reduction target.

- (III) The Consolidated Entity's GHG reduction strategy and specific action plans include increasing the use of alternative raw materials, increasing the use of alternative fuels, improving process equipment, and installing renewable energy equipment. The reduction in 2024 compared to the baseline year has reached the target of 1%. The Company also works together with its supply chain in carbon reduction.

- (IV) The Consolidated Entity is in the metals and mining industry according to the TCFD, and GHG emissions are mainly Scope 2 and Scope 3. We aim to reduce our emissions by 1% per year and actively manage Scope 3 emissions.

In 2024, the actual reduction in Scope 2 GHG emissions was 5.8%, which achieved the GHG emissions reduction target of 1%.

In 2024, the actual reduction in Scope 3 GHG emissions was 17%, which achieved the GHG emissions reduction target of 1%.

- (V) For the management of Scope 2 emissions, the Consolidated Entity plans to optimize energy management and Scope 2 GHG emissions by implementing ISO 50001 (the Company's Guanli Plant and subsidiary APEX Wind Power Equipment Manufacturing Co., Ltd. have already implemented ISO 50001). The Consolidated Entity's approach to reducing Scope 3 emissions is through supplier management and Supplier Code of Conduct, such as requiring suppliers to set GHG reduction goals. Energy consumption and all related Scope 1 and Scope 2 GHG emissions must be tracked, recorded and publicly reported, continuously tracking GHG emissions to achieve GHG reduction goals. Suppliers should seek cost-effective ways to improve energy efficiency and minimize energy consumption and GHG emissions.

In 2024, the actual reduction in Scope 1 GHG emissions was 53.2%, which achieved the GHG emissions reduction target of 1%.



(VIII) Ethical corporate management and measures adopted

An ethical and harmonious corporate culture has always been the Company's core value. The Company has always upheld integrity in all business activities and has always maintained a fair, honest, trustworthy, and transparent code of conduct to put our words into practice.

It is the responsibility of all members of the Company to uphold the Company's core values in our corporate culture and the Company's reputation. Therefore, the Company requires each member of the Company in its Ethical Corporate Management Best Practice Principles (hereinafter referred to as the "Principles") to adhere to the following: Avoid sacrificing or conflicting with company interest for personal gains. Avoid any bribery, unfair competition, fraud, waste, and abuse of company resources. Abstain from any actions harmful to the Company, the environment, and society. Abide by all laws and regulations and respect legislative purposes. Avoid any actions that may inappropriately affect anyone's decisions, including government officials, public servants, courts, customers, suppliers, and contractors.

The Principles also require all employees, managers, and Board members to adhere to the core values of the Principles. The Company's management is required to establish a good example for ethical corporate management. The Company's manager, particularly the Chief Executive Officer, Chief Financial Officer, and Chief Information Officer of the product profit center, shall be supervised by the Board of Directors and be responsible for fully, fairly, accurately, promptly, and clearly disclosing the Company's financial and accounting information in financial statements submitted to the competent authority and disclosed to the public.

The Company shall enforce management and punishment to ensure that all employees, managers, and supervisors adhere to the Principles, Ethical Corporate Management Operating Procedures and Code of Conduct. The Company hopes that the Company's customers, suppliers, contractors, consultants, and other partners with contractual relationships understand and respect the Company's corporate culture for ethical, transparent and responsible corporate governance.

In the event that an employee discovers or has reasonable doubts of any violation of the Principles, he/she shall immediately file a report to the following individuals or through the following channels in accordance with the status of the violation: the direct supervisor, the General Manager's Office, internal audit chief, employee complaint channels, or the Supervisors. Upon discovering or receiving a complaint about the involvement of any personnel in unethical conduct, the Company shall ascertain the relevant facts without delay; if it is verified that there is indeed a violation of applicable laws and regulations or the Company's ethical corporate management policies, the Company shall immediately require the violator to cease the conduct and shall punish the individual accordingly. where necessary, the Company shall file for damage claims through legal proceedings to protect the reputation and interests of the Company. For unethical conduct that have occurred, the Company shall instruct related units to review the internal control system and operating procedures and provide improvement measures in order to prevent the same conduct from reoccurring. The Company shall instruct units to report the unethical conduct, the processing methods, and follow up review and improvement measures to the Board of Directors.

If any of the Company's personnel discovers that another party has engaged in unethical conduct towards the Company, and such unethical conduct is of an illegal nature, the Company shall immediately notify judicial agencies and prosecutors of related facts. If the unethical conduct involves public offices or public servants, the government's agencies against corruption shall be notified.

**Implementation of ethical corporate management, deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies, and reasons for deviation:**

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and reasons for deviation
	Yes	No	Summary	
I. Establishment of ethical corporate management policy and approaches (I) Has the Company established the ethical corporate management policies approved by the Board of Directors and stated its policies and practices in its Memorandum or external correspondence to maintain business integrity? Are the Board of Directors and the managers committed in fulfilling this commitment?	✓		The Company's board meeting on December 20, 2011 adopted the resolution to establish the Ethical Corporate Management Best Practice Principles to fulfill the Company's corporate social responsibility, in order to create a corporate culture and develop sound ethical corporate management. An ethical and harmonious corporate culture has always been the Company's most important core value. We uphold integrity and enthusiasm when providing services, which exceed the expectations of our customers to achieve "customer satisfaction." We have built good relationships with suppliers and customers, and our greatest purpose is to pursue sustainable operation and growth. Our attitude towards operations is disclosed on the company website, and the Board of Directors and management all aim to implement the business philosophy of integrity.	None
(II) Does the Company have mechanisms in place to assess the risk of unethical conduct and perform regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies?	✓		Donations reaching a certain amount require approval from the Board of Directors. The audit unit pays attention to whether any bribes or other improper gains were offered or accepted. The Company's internal procedures are specified in the Ethical Corporate Management Best Practice Principles, please see the "Investor Relations Section" of the official website for details.	None

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and reasons for deviation
	Yes	No	Summary	
(III) Has the company established policies to prevent unethical conduct with relevant procedures, guidelines of conduct, punishment for violation, rules of appeal clearly stated in the policies, and implemented the policies, and reviewed the aforementioned policies on a regular basis?	✓		The Company established the Ethical Corporate Management Best Practice Principles, Ethical Corporate Management Operating Procedures and Code of Conduct, Code of Ethics for Directors and Supervisors, Code of Ethics for Managers, Anti-corruption and Anti-bribery Policy, Anti-corruption and Anti-bribery Training Procedures, and Regulations for the Prevention of Insider Trading, in order to prevent unethical conduct. The regulations are periodically reviewed and revised or submitted to the Board of Directors for discussion and revision.	None
II. Full Implementation of Ethical Management Principles (I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	✓		<p>The Company assesses the risk of corruption and bribery and carries out the due diligence process when working with a business partner for the first time and on a regular basis. This is used as the basis for evaluating whether or not to continue working with the business partner.</p> <p>The Company established the Commitment to Ethical Conduct, which is attached to contracts signed by the Company. Parties to the contract are required to abide by all integrity requirements set by the Company, and verify that they have carefully read the Company's Ethical Corporate Management Best Practice Principles, Ethical Corporate Management Operating Procedures and Code of Conduct, and Anti-corruption and Anti-bribery Policy. The parties also guarantee that their responsible person, managers, employees, agents, affiliated persons, and users will also strictly abide by the obligations of the Commitment to Ethical Conduct.</p>	None
(II) Does the Company have a unit responsible for business integrity on a full-time basis under the Board of Directors, which will report the business integrity policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	✓		The Company's chairman leads units at all levels in the implementation of corporate sustainability, ethical corporate management, and corporate social responsibility, and periodically reports to the Board of Directors. The Company plans to implement ISO 37001 Anti-bribery Management Systems before 2026, and will also establish an Anti-corruption and Anti-bribery Task Force for system planning, consulting, and implementation. Information on the implementation status will be reported on a rolling basis.	None

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and reasons for deviation
	Yes	No	Summary	
(III) Did the company establish policies that prevent conflict of interests, provide appropriate channels for filing related complaints and implement such policies and channels?	✓		<p>The Corporate Social Responsibility Best Practice Principles expressly state that the Company shall respects ethics and pay attention to stakeholders' rights when fulfilling its CSR, and shall incorporate ESG factors into management and business activities while pursuing sustainable development and profits.</p> <p>New employees hired by the Company are asked to sign the "Commitment to Ethical Conduct" in accordance with requirements. In addition, all employees are required to actively inform the Company of any conflicts of interest or suspected conflicts of interest in accordance with the Company's "Ethical Corporate Management Operating Procedures and Code of Conduct".</p>	None
(IV) Does the Company have effective accounting and internal control systems in place to implement business integrity? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or engage CPAs to perform the audits?	✓		<p>Internal audits are an important part of the Company's internal controls, and assist management with inspecting deficiencies in internal controls and measuring the effectiveness and efficiency of operations, so as to ensure that the internal control system can continue to be effectively implemented. Audits aim to prevent unethical conduct. Before conducting an audit, data is downloaded on the computer and abnormal data is quickly analyzed. Warning items are generated by the internal control warning system and listed as annual audit items based on their risk. There were no abnormalities or unethical conduct in 2024.</p>	None
(V) Does the Company periodically provide internal and external training programs on integrity management?	✓		<p>The Company periodically organizes ethical corporate management training and the implementation status in 2024 is as follows:</p> <ol style="list-style-type: none"> <li>1. The Company provided 657 hours of lecture courses on ethical corporate management issues to a total of 219 participants, including directors, managers, and employees, via online learning in 2024.</li> <li>2. The Company plans to implement ISO 37001 Anti-bribery Management Systems in 2026, and will also establish an Anti-corruption and Anti-bribery Task Force for system planning, consulting, and implementation. Information on the implementation status will be reported on a rolling basis.</li> </ol>	None

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and reasons for deviation
	Yes	No	Summary	
			<p>3. All new employees of the Company signed the "Commitment to Ethical Conduct." Furthermore, the Company requires medium and high risk managers that interact with suppliers and customers to also sign the Guidelines for Prevention of Insider Trading, in addition to the Commitment to Ethical Conduct, and the target signing rate is 100%.</p> <p>For more information, please see the Company's official website (<a href="https://www.lkssteel.com.tw">https://www.lkssteel.com.tw</a>) – "Investor Relations Section."</p>	
<p>III. Operation of whistle-blowing system in the Company</p> <p>(I) Has the Company established concrete whistleblowing and reward system and have a convenient reporting channel in place, and assign an appropriate person to communicate with the accused?</p>	✓		<p>The Company specifies channels for employees and whistleblowers to report any financial, legal, and integrity-related improper conduct in the Ethical Corporate Management Operating Procedures and Code of Conduct. The Company encourages the reporting of illegal or unethical conduct, and steps up the communication of ethics concepts. Employees are encouraged to report any conduct they suspect or find is illegal or violates the Code of Ethics to their direct supervisor, head of the Administrative Services Department, and Audit Office. If reports from internal or external personnel involve the Company's senior managers, aside from the abovementioned channels, the whistleblower may also report it to the Company's Audit Committee, so that suitable personnel may be assigned based on the individual being reported. The Company shall establish independent internal report mailbox and dedicated line on the Company website and internal website and assign personnel to take charge of processing reports. The Company shall keep the identity of the whistle-blower and the content confidential.</p>	None
(II) Has the Company established standard operating procedures for investigating reported issues, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	✓		<p>The Company set forth procedures for handling and investigating reports, as well as confidentiality mechanisms, in the Ethical Corporate Management Operating Procedures and Code of Conduct and Code of Ethics for Managerial Officers and Supervisors Ranked Level 1 and Above. Matters are handled by the Audit Office according to the Company's regulations.</p>	None

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and reasons for deviation
	Yes	No	Summary	
(III) Did the company adopt measures for protecting the whistleblower against improper treatment or retaliation?	✓		The Company's Ethical Corporate Management Operating Procedures and Code of Conduct and Code of Ethics for Managerial Officers and Supervisors Ranked Level 1 and Above sets forth a whistleblower confidentiality system. Reports are kept confidential and the Company is committed to protecting whistleblowers from improper treatment due to their report. This way employees know that the Company will exert every effort to protect the safety of whistleblowers with good intentions. Meanwhile, the Company strictly prohibits any form of retaliation against whistleblowers who provided reports in good faith or individuals who assist in investigations.	None
IV.Enhancing information disclosure Does the company disclose information regarding the company's ethical corporate management principles and implementation status on its website and the Market Observation Post System?	✓		The Company's official website ( <a href="https://www.hkssteel.com.tw">https://www.hkssteel.com.tw</a> ) has an "Investor Relations Section." Disclosure of the Company's ethical corporate management philosophy.	None
<p>V.If the company has established Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies, describe the difference between the principles and implementation status:</p> <p>The 2nd meeting of the 12th-term Board of Directors established the Ethical Corporate Management Best Practice Principles, which was amended the second time during the 3rd meeting of 13th-term Board of Directors. The General Manager's Office and Audit Office are responsible for supervising the implementation of the ethical corporate management policy. Along with the Company's Ethical Corporate Management Best Practice Principles, both are implemented according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies. The 2nd meeting of the 12th-term Board of Directors subsequently adopted the resolution to align the whistleblowing system specified in the Ethical Corporate Management Best Practice Principles with the whistleblowing mechanism in the "Ethical Corporate Management Operating Procedures and Code of Conduct," "Code of Ethics for Directors and Supervisors," and "Code of Ethics for Managerial Officers and Supervisors Ranked Level 1 and Above," in order to strengthen control over access right to whistleblowing information. Different units handle whistleblowing cases based on the level of the accused. In addition to the Audit Office, the Audit Committee was also listed as a channel for reporting the Company's senior managers, thereby strengthening whistleblowing communication channels. Regarding the implementation of the Company's ethical corporate management policies, please refer to the descriptions in "(VIII) Ethical Corporate Management and Measures Adopted" of the Corporate Governance Report in the Annual Report (page 98).</p> <p>VI. Other critical information conducive to understanding the operation of the company's integrity management: (e.g., review/revision of the company's</p>				

integrity corporate management principles)

1. The banks that the Company and affiliated enterprises do business with are all financial institutions with a certain credit rating and scale of assets. The Company also established Customer Credit Extension Management Regulations and periodically evaluates suppliers. We evaluate and manage risk items. The ethical corporate management policy is disclosed in the Regulations Section on the official website, and specific methods, plans for preventing unethical conduct, and implementation status and measures are described in detail.
2. When carrying out business activities, the Company shall explain its ethical management policies and related regulations to counterparties and clearly refuse to directly or indirectly offer, promise to offer, request or accept any improper benefits, including kickbacks, commissions, facilitation payments, or offer or accept improper benefits in any other form.
3. When the Company signs contracts with other entities, it shall fully understand the status of the counterparty's ethical management and include provisions requiring compliance to its ethical management policies and unconditional termination or cancellation of the contract at any time in the event of unethical conduct by the other party.
4. The Company shall periodically organize training and awareness programs for Directors, managers, employees, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.  
For more information, please see the Company's official website (<https://www.hkssteel.com.tw>) – Corporate Governance in the Investor Relations Section.
5. The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.
6. The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage Directors, managers, and employees to make suggestions, based on which the adopted Ethical Corporate Management Best Practice Principles will be reviewed and improved with a view to achieving better effectiveness of ethical management.

Please refer to the descriptions in "(VIII) Ethical corporate management and measures adopted" in the Corporate Governance Report in the Annual Report (page 98).

(IX) Other important information to facilitate better understanding of the company's corporate governance activities:

1. Material information is disclosed in a timely manner and investor conferences are held regularly.
2. The Company's Board of Directors has approved the Ethical Corporate Management Best Practice Principles, Ethical Corporate Management Operating Procedures and Code of Conduct, Code of Ethics for Directors and Supervisors, Code of Ethics for Managerial Officers and Supervisors Ranked Level 1 and Above, Sustainable Development Best Practice Principles (formerly named the Corporate Social Responsibility Best Practice Principles), Procedures for Handling Material Inside Information, and Regulations for the Prevention of Insider Trading.
3. The Company prepares sustainability reports.

(1) The Company's Board of Directors approved the "Operating Procedures for the Preparation and Verification of Sustainability Reports," "Procedures for Handling Material Inside Information," and "Sustainability Information Management Procedure."

(2) Internal preparation and approval

The Board of Directors and the Audit Committee are required to supervise the allocation and assignment of sufficient and suitable resources by management, so that the internal control system related to sustainability information can operate effectively. The chairman has instructed the establishment of a Corporate Social Responsibility Task Force, and appointed the general manager as the highest level manager for making decisions on sustainable development-related matters. The corporate governance officer is authorized to coordinate related units in handling sustainable development-related matters.

The sustainability report preparation task force is required to prepare the sustainability report for the previous year in accordance with the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" and the "Operating Procedures for the Preparation and Verification of Sustainability Reports (MRM0037)," and references the general standards, industry standards, and topic standards issued by the Global Reporting Initiative (GRI), as well as the Task Force on Climate-related Financial Disclosures (TCFD) framework, for the disclosure of material topics identified by the Company related to the economy, environment, and people (including their human rights) and their impacts, as well as the disclosure items and reporting requirements. The task force also references the Sustainability Accounting Standards Board (SASB) standards when disclosing information on industry indicators and providing an index of report contents corresponding to SASB indicators. After the sustainability report preparation task force completes the preparation of the sustainability report, it shall submit it along with relevant working papers to the corporate governance officer for review, in order to ensure the completeness, accuracy, and reliability of the sustainability information.

The figures and data disclosed in this report were provided by their respective responsible department, verified by the CSR Task Force that prepared the ESG Report, submitted to the department supervisor, and then reviewed and approved by the chairman.

(3) Assurance and approval of the sustainability report

When the Company engages a third party for assurance of the sustainability report, it must comply with the "Directions for the Implementation of Assurance Institutions for the Sustainability Report of TWSE/TPEX Listed Companies."

Deloitte provides limited assurance of compliance with the GRI and SASB according to TWSAE3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information published by the Accounting Research and Development Foundation (established with reference to ISAE 3000 Revised) for the Company's 2023 Sustainability Report. Please refer to the appendix of this report for the assurance methods used and results.

(4) The abovementioned sustainability report has been disclosed on the Company's website (<https://www.hkssteel.com.tw>), the Company's ESG sustainability website (<https://csr.hkssteel.com.tw>), and the Market Observation Post System (Website:

<https://esggenplus.twse.com.tw/inquiry/report> Path: Please select "TWSE-listed" for the market category, enter "2023" for the reporting year, enter "Steel Industry" for the industry category, and enter the Company's code "2031" for inquiry.

4. Continuing education and training of the Company's managers and level 1 supervisors related to corporate governance are as follows:

Title	Name	Continuing education institution	Course	Course Date	Course Duration
Director General Manager	Ming-Shan Jheng	Taiwan Corporate Governance Association	Legal risks and responses of enterprises—The investment and financing of enterprises	2024/05/07	3
		Taiwan Corporate Governance Association	The response and measures of enterprises under the changing global economic situation	2024/08/06	3
		Taiwan Corporate Governance Association	Sustainability, Risks, and Information Security Issues in the Era of AI	2024/11/05	3
Director Vice General Manager	Fisher C.H. Yu	Taiwan Corporate Governance Association	Legal risks and responses of enterprises—The investment and financing of enterprises	2024/05/07	3
		Taiwan Corporate Governance Association	The response and measures of enterprises under the changing global economic situation	2024/08/06	3
		Taiwan Corporate Governance Association	Sustainability, Risks, and Information Security Issues in the Era of AI	2024/11/05	3
Director Vice General Manager	Johnathon Y.J. Su	Taiwan Corporate Governance Association	Legal risks and responses of enterprises—The investment and financing of enterprises	2024/05/07	3
		Taiwan Corporate Governance Association	The response and measures of enterprises under the changing global economic situation	2024/08/06	3
		Taiwan Corporate Governance Association	Sustainability, Risks, and Information Security Issues in the Era of AI	2024/11/05	3
Vice General Manager of Operations	Teng-Kuei Kao	Taiwan Corporate Governance Association	Legal risks and responses of enterprises—The investment and financing of enterprises	2024/05/07	3
		Taiwan Corporate Governance Association	The response and measures of enterprises under the changing global economic situation	2024/08/06	3
		Taiwan Corporate Governance Association	Sustainability, Risks, and Information Security Issues in the Era of AI	2024/11/05	3
Vice General Manager of Operations	Frank C.C. Huang	Taiwan Corporate Governance Association	Legal risks and responses of enterprises—The investment and financing of enterprises	2024/05/07	3
		Taiwan Corporate Governance Association	The response and measures of enterprises under the changing global economic situation	2024/08/06	3
		Taiwan Corporate Governance Association	Sustainability, Risks, and Information Security Issues in the Era of AI	2024/11/05	3

Title	Name	Continuing education institution	Course	Course Date	Course Duration
Chief Financial Officer (Vice General Manager) Corporate Governance Officer, Information Security Supervisor, and Spokesperson	Jessica P.H. Liu	Taiwan Corporate Governance Association	Legal risks and responses of enterprises—The investment and financing of enterprises	2024/5/7	3
		Accounting Research and Development Foundation	Common deficiencies in financial statement review and common problems in asset acquisition and disposal	2024/6/1	3
		Taiwan Stock Exchange Corporation	2024 Cathay Sustainable Finance and Climate Change Summit Forum	2024/7/3	3
		Taiwan Corporate Governance Association	The response and measures of enterprises under the changing global economic situation	2024/8/6	3
		Securities & Futures Institute	2024 Insider Trading Prevention Seminar	2024/9/20	3
		Securities & Futures Institute	2024 Insider Equity Transaction Legal Compliance Awareness Briefing	2024/10/25	3
		Taiwan Corporate Governance Association	Sustainability, Risks, and Information Security Issues in the Era of AI	2024/11/5	3
		Securities & Futures Institute	Sustainable Development Committee and Chief Sustainability Officer Symposium	2024/12/4	3
Chief Finance Officer (Vice General Manager)	Lisa H.C. Chien	Taiwan Corporate Governance Association	Legal risks and responses of enterprises—The investment and financing of enterprises	2024/05/07	3
		Taiwan Corporate Governance Association	The response and measures of enterprises under the changing global economic situation	2024/08/06	3
		Taiwan Corporate Governance Association	Sustainability, Risks, and Information Security Issues in the Era of AI	2024/11/05	3
Chief Accounting Officer (Assistant Vice President)	Daisy Y.H. Chen	Taiwan Corporate Governance Association	Legal risks and responses of enterprises—The investment and financing of enterprises	2024/05/07	3
		Accounting Research and Development Foundation	Professional Development Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	2024/6/20 2024/6/21	12
		Taiwan Corporate Governance Association	The response and measures of enterprises under the changing global economic situation	2024/08/06	3
		Taiwan Corporate Governance Association	Sustainability, Risks, and Information Security Issues in the Era of AI	2024/11/05	3
Audit Manager	Hui-Fen Cheng	Accounting Research and Development Foundation	Analysis of the effect of the latest ESG and sustainability	2024/5/17	6

Title	Name	Continuing education institution	Course	Course Date	Course Duration
			policies related to "annual report preparation" and net zero emissions on financial statements		
		Accounting Research and Development Foundation	The latest amendment to the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" and compliance practices of internal audits and internal controls related to the preparation of financial statements	2024/8/7	6
Manager and Acting Spokesperson	Tai-Yuan Lin	Taiwan Corporate Governance Association	Legal risks and responses of enterprises—The investment and financing of enterprises	2024/05/07	3
		Taiwan Corporate Governance Association	The response and measures of enterprises under the changing global economic situation	2024/08/06	3
		Taiwan Corporate Governance Association	Sustainability, Risks, and Information Security Issues in the Era of AI	2024/11/05	3

5. For more information, please see the Company's official website (<https://www.hkssteel.com.tw>) – Corporate Governance in the Investor Relations Section.

(X) Status of implementation of internal control system

1. Statement on Internal Control

Market Observation Post System (website: <https://mops.twse.com.tw/mops/#/web/t06sg20>)

Path: Please select "TWSE-listed" for the market category, enter "113" for the year, and enter the Company's code "2031" for inquiry.

2. According to requirements of the Securities and Futures Bureau of the Financial Supervisory Commission, if the company engages an accountant to examine its internal control system, it shall disclose the CPA examination report: None.

(XI) Important resolutions made during shareholders and Board of Directors' meetings in recent years and up to the publication date of this annual report:

1. Key Resolutions of the Shareholders Meeting and Implementation

The Company's 2024 general shareholders meeting was held at the Company's Guanyin Plant Conference Office in the Guanyin Industrial Park, Guanyin District, Taoyuan City on June 14, 2024. The resolutions passed by attending shareholders and their status of implementation are as follows:

(1) Ratification of the 2023 business report and final financial statements.

Implementation status: Ratification of the 2023 business report and final financial statements. The annual consolidated revenue was approximately NT\$16.07 billion and the net profit after tax was approximately NT\$1,730 million. The EPS was NT\$5.15.

(2) Approved the Company's 2023 earnings distribution proposal.

Implementation status: Approved the distribution of NT\$3 in cash dividends to common shares. Set July 9, 2024 as the record date, and distributed cash dividends on August 1, 2024.

## 2. Important Resolutions of the Board of Directors

The important resolutions adopted in the Board of Directors' meetings in 2024 up to the date of Annual Report are summarized below:

### (1) 4th meeting of the 16th-term Board of Directors held on February 27, 2024

1. Proposal to discuss the retirement of the Company's abovementioned managers.
2. Request for approval of the monthly salary structure and payment amount of the Chairman.
3. Proposal to discuss the retirement of the Company's department managers.
4. Approved the Company's distribution of directors' remuneration and employee bonuses for 2023.
5. Approval the proposal to discuss the results of the 4th meeting of the 5th-term Remuneration Committee.
6. Approved the 2023 "Internal Control Effectiveness Evaluation" and "Statement on Internal Control."
7. Approved the proposal to establish the Company's Regulations Governing Financial and Business Transactions Between Related Parties.
8. Approved the amendment to the Company's "Rules of Procedure for the Board of Directors' Meetings."
9. Approved the proposed amendment to the Company's Audit Committee Charter.

Results of resolution: Agenda items of the board meeting were approved in the 4th meeting of the 3rd-term Audit Committee and the 4th meeting of the 5th-term Remuneration Committee, and were approved as proposed without objection after the chairperson inquired all directors in attendance, except for directors who recused themselves and did not participate in voting.

### (2) 5th meeting of the 16th-term Board of Directors held on March 12, 2024:

1. Approved the Company's 2023 business report and financial statements.
2. Approved the Company's 2023 earnings distribution proposal.
3. Approved the proposed agenda of the 2023 general shareholders' meeting.
4. Proposal to discuss the employee shareholding trust system.
5. Approved the proposed amendment to the Company's Guidelines for the Continuing Education of Directors.
6. Approved the proposed amendment to the Company's "Stock Trading Halt and Resumption Application Procedure."
7. Approved the proposed amendment to the Company's "Corporate Governance Best Practice Principles."

Results of resolution: Agenda items of the board meeting were approved in the 5th meeting of the 3rd-term Audit Committee, and were approved as proposed without objection after the chairperson inquired all directors in attendance.

### (3) 6th meeting of the 16th-term Board of Directors held on May 7, 2024:

1. Approved Quarter 1 financial statements for 2024.
2. Report on the Company's accounts receivables that meet the criteria and whether other loans constitute lending to others.
3. Approval of the ratification for participating in cash capital increase of the investee company.
4. Approved the Company's 2023 ex-dividend date for cash dividends.
5. Ratified the Company's continued lease of parts of the Changbin Plant (including the office building) to a subsidiary of the Group.
6. Ratified the Company's lease of "Taoyuan Fulin No. 168 Logistics Warehouse."
7. Approved the proposal for the Company to lease "real estate and equipment in

Taibao, Chiayi."

8. Approved the amendment to the Company's Sustainable Development Best Practice Principles (formerly named the Corporate Social Responsibility Best Practice Principles).

Results of resolution: Agenda items of the board meeting were approved in the 6th meeting of the 3rd-term Audit Committee, and were approved as proposed without objection after the chairperson inquired all directors in attendance, except for directors who recused themselves and did not participate in voting.

(4) 7th meeting of the 16th-term Board of Directors held on August 6, 2024

1. Approved the 2024 Q2 financial statements.
2. Report on the Company's accounts receivables that meet the criteria and whether other loans constitute lending to others.
3. Approved the amendment to the "General Principles and Methods for Pre-approval for Non-assurance Services," which is the basis for the Company to pre-approve non-assurance services provided by the accountants, their accounting firm, and affiliated enterprises to the Company and its subsidiaries.
4. The Company's Remuneration Committee reviewed the proposed 2023 director's remuneration.
5. The Company's Remuneration Committee reviewed the proposed 2023 employee bonuses for managers.
6. Approved the proposal for participating in the cash capital increase of the investee company.
7. Discuss the direction and targets for the Company's sustainability strategy in 2024 and 2025.
8. Discuss the Company's 2023 Sustainability Report.
9. Approved the proposal for participating in the cash capital increase of the investee company.

Results of resolution: Agenda items of the board meeting were approved in the 7th meeting of the 3rd-term Audit Committee and the 5th meeting of the 5th-term Remuneration Committee, and were approved as proposed without objection after the chairperson inquired all directors in attendance, except for directors who recused themselves and did not participate in voting.

(5) 8th meeting of the 16th-term Board of Directors held on November 5, 2024:

1. Please decide on the 2024 Q3 financial statements.
2. Report on the Company's accounts receivables that meet the criteria and whether other loans constitute lending to others.
3. Approved the replacement of accountants by Deloitte to audit the Company's financial statements.
4. Approved the renewal of liability insurance for Directors, Supervisors, and important corporate officers in 2025.
5. Approved the proposed amendment to the Company's Audit Committee Charter.
6. Approved the proposed amendment to the Company's "Corporate Governance Best Practice Principles."
7. Approved the amendment to the Company's "Operating Procedures for the Preparation and Verification of Sustainability Reports."

Results of resolution: Agenda items of the board meeting were approved in the 8th meeting of the 3rd-term Audit Committee, and were approved as proposed without objection after the chairperson inquired all directors in attendance.

(6) 9th meeting of the 16th-term Board of Directors held on December 17, 2024:

1. Proposal for the Company to pre-approve the accountants, their accounting firm, and affiliated enterprises to provide non-assurance services to the Company and

its subsidiaries.

2. Proposal for the Company to apply for a credit facility from a financial institution to meet operational needs.
3. Approved the donation of NT\$12 million to the Hsin Kuang Steel Tian-Cheng Charity Foundation in 2025.
4. Approved the proposal to donate NT\$7 million to Century Green Energy Vocational Senior High School in Taoyuan City through the Private School Promotion Foundation.
5. Approved the proposal to increase investment in an investee company.
6. Approved the proposal to establish the Company's "Sustainability Information Management Procedure."
7. Approved the proposal to establish the Company's "Internal Control System Manual."
8. Approved the proposed amendment to the Company's "Internal Audit Implementation Rules."
9. Approved the Company's internal audit operations and inspection plans for 2025.
10. Approved the proposed amendment to the Company's "Regulations for Internal Control Self-Evaluations."

Results of resolution: Agenda items of the board meeting were approved in the 9th meeting of the 3rd-term Audit Committee, and were approved as proposed without objection after the chairperson inquired all directors in attendance, except for directors who recused themselves and did not participate in voting.

(7) 10th meeting of the 16th-term Board of Directors held on January 14, 2025

1. Approved the allocation of NT\$10 million from the employee bonus reserve as year-end bonuses in 2024.
2. Approved the proposed distribution of the Company's 2024 year-end bonuses to the chairman and managers.

Results of resolution: Agenda items of the board meeting were approved in the 7th meeting of the 5th-term Remuneration Committee, and were approved as proposed without objection after the chairperson inquired all directors in attendance, except for directors who recused themselves and did not participate in voting.

(8) 11th meeting of the 16th-term Board of Directors held on March 11, 2025

1. The Company's distribution of directors' remuneration and employee bonuses for 2024.
2. The Company's 2024 business report and financial statements.
3. The Company's 2024 dividend distribution proposal.
4. Report on accounts receivables that meet the criteria and whether other loans constitute lending to others.
5. The Company's Statement on Internal Control.
6. Proposal to evaluate the independence and competence of the Company's accountants in 2025.
7. Proposal to audit and pay fees for the Company's 2025 financial statements.
8. The Company's 2025 business plan.
9. Review of the Company's remuneration policy for directors and managers by the Remuneration Committee in 2025.
10. Proposal to amend the Company's Articles of Incorporation.
11. Proposed agenda for the Company's 2025 general shareholders meeting;
12. Proposal for the Company to accept shareholder proposals.

Results of resolution: Agenda items of the board meeting were approved in the 10th meeting of the 3rd-term Audit Committee and the 8th meeting of the 5th-term

Remuneration Committee, and were approved as proposed without objection after the chairperson inquired all directors in attendance.

- (XII) Dissenting or qualified opinion of Directors or the Audit Committee against an important resolution passed by the Board of Directors that is on record or stated in a written statement in the past year and up to the date of report: None.

#### IV. Information on fees to CPAs

The Company's CPA audit fees in 2024 were approved in the 3rd meeting of the 3rd-term Audit Committee and submitted to the 16th meeting of the 16th-term Board of Directors for approval.

Unit: NT\$ thousand

Name of Accounting Firm	CPA	Audit period	Audit Fee	Non-Audit Fees	Total	Note
Deloitte & Touche	Shih-Lan Chu	2024.1.1~2024.12.31	9,829	1,195	11,024	Non-audit fees included ESG assurance in the amount of NT\$480 thousand, business registration in the amount of NT\$505 thousand, and transfer pricing report fee in the amount of NT\$210 thousand.
	Cheng-Chuan Yu					

- V. **Information on change of CPAs: The replacement of accountants this year was mainly due to internal adjustments to the organizational structure of Deloitte Taiwan.**
- VI. **The Company's Chairman, General Manager, or manager in charge of finance or accounting who has served in a certified public accountant firm or its affiliates within the last year: None.**
- VII. **Share transfer and equity pledge changes by Directors, managers and shareholders holding more than 10% equity in the past year and up to the printing of this report**

1. Share Equity Change Status for Directors, Managers and Major Shareholders

Title (Note 1)	Name	2024		2025 up to March 31	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Chairman	Alexander M.T. Su	-	-	-	-
Director	Han De Investment Co., Ltd.	2,970,000	-	500,000	-
Director	Trickle Co., Ltd.	-	-	-	-
Director	Ming-Shan Jheng	-	-	-	-
Director	Fisher C.H. Yu	-	-	-	-
Director	Johnathon Y.J. Su	-	-	-	-
Director	Shih-Yang Chen	-	-	-	-
Independent Directors	Winston Won	-	-	-	-

Title (Note 1)	Name	2024		2025 up to March 31	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Independent Directors	Po-Young Chu	-	-	-	-
Independent Directors	Paul T.Y. Huang	-	-	-	-
Independent Directors	Wei-Tsung Liu	480,000	-	-	-

Note 1: Shareholders with over 10% of the Company's total share shall be classified as major shareholders and listed separately.

Note 2: Information regarding the transfer of shares or shares pledged to the counterparty being the related party shall be filled in the following Table.

- Information on transfer of shares: There has been no transfer of shares with counterparties who are related parties.
- Information on pledged shares: There have been no shares pledged to counterparties who are related parties.
- Overview of investee companies: Please refer to the descriptions in the "Special Notes" in the Annual Report (pages 162 to 166).

**VIII. Information on the relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree): Please refer to the description in "Fundraising Conditions" in the Annual Report. (page 114)**

**IX. The shareholding of the Company, Directors, managers and enterprises directly or indirectly controlled by the Company in the invested company and the consolidated shareholding ratio**

Unit: Shares; %

Investee Company (Note)	Investment by the Company		Investments of Directors, Supervisors, Managers and Directly or Indirectly Controlled Businesses		Comprehensive Investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Hsin Yuan Investment Co., Ltd.	80,000,000	100.00%	-	-	80,000,000	100.00%
Sinpao Investment	USD 3,433,419	100.00%	-	-	USD 3,433,419	100.00%
Hsin Ho Fa Metal Co., Ltd.	25,011,897	83.37%	-	-	25,011,897	83.37%
APEX Wind Power Equipment Manufacturing Co., Ltd.	43,652,040	66.14%	2,459,440	3.73%	46,111,480	69.87%
Hsin Wei Solar Co., Ltd.	9,800,000	49.00%	-	-	9,800,000	49.00%
Hsin Ching International Co., Ltd.	15,000,000	60.00%	-	-	15,000,000	60.00%
Mason Metal Industry Co., Ltd.	40,000,000	80.00%	500,000	1%	40,500,000	81.00%
Hsin Cheng Logistics	20,000	100.00%	—	—	20,000	100.00%
Hsin Hua Steel	-	-	17,500,000	100%	17,500,000	100.00%
Hsin Yuan Hsin Industry Co., Ltd.	-	-	1,000,000	100%	1,000,000	100.00%

Note: Long-term investment calculated by the equity method.

## C. Fundraising Conditions

### I. Capital and Shares

#### (I) Source of Capital

As of March 31, 2025

Year and Month	Issuing Price	Authorized capital		Paid-up capital		Note		
		Number of shares	Amount (NT\$)	Number of shares	Amount (NT\$)	Source of Capital	Subscriptions paid with property other than cash	Other
March 2025	10	360,000,000	3,600,000,000	321,146,341	3,211,463,410	Corporate bonds turned common shares NT\$ 184,526,020	None	Implemented in accordance with the official document Jin-Guan-Zheng-Fa No. 1060038847 dated October 19, 2017.

#### (II) Capital and shares

As of March 31, 2025

As of March 31, 2023

Type of Shares	Authorized capital					Remarks
	Issued shares			Un-issued shares	Total	
	Listed	Unlisted	Total			
Registered common shares	321,146,341	-	321,146,341	38,853,659	360,000,000	-

#### (III) List of Main Shareholders

##### 1. List of Main Shareholders

March 31, 2025

Shares	No. of shares held	Shareholding percentage
Name of major shareholder		
Han De Investment Co., Ltd.	31,250,276	9.73%
Alexander M.T. Su	16,205,719	5.05%
Cheng Yu Investment Co., Ltd.	16,030,603	4.99%
Hui Jung Investment Co., Ltd.	16,020,916	4.99%
Trickle Co., Ltd.	14,662,469	4.57%
BitGinko's investment account under the trust of HSBC	8,000,000	2.49%
Johnathon Y.J. Su	7,704,930	2.40%
Alexander M.T.Su's dedicated trust account in First Commercial Bank	6,000,000	1.87%
Trickle T.C. Chang	5,228,283	1.63%
JPMorgan Chase Bank N.A., Taipei Branch in custody for	3,657,403	1.14%

Shares	No. of shares held	Shareholding percentage
Name of major shareholder		
Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds		

## 2.Information Disclosing the Relationship between any of the Top Ten Shareholders

March 31, 2025

Name	Personal shareholding		Shares Held by Spouse and Underage Children		Shares Held in the Name of Other Persons		Titles, names, and relationships applicable to the top 10 shareholders with relationships specified by SFAS No. 6, spouse and kinship within the second degree.		Note
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Han De Investment Co., Ltd.	31,250,276	9.73%	17,321,487	5.39%	—	—	Alexander M.T. Su	The Chairman	
Alexander M.T. Su	16,205,719	5.05%	1,115,768	0.35%	—	—	Johnathon Y.J. Su	Father-son	
							Han De Investment Co., Ltd.	Representative	
Cheng Yu Investment Co., Ltd.	16,030,603	4.99%	8,044,930	2.51%	—	—	Johnathon Y.J. Su	The Chairman	
Hui Jung Investment Co., Ltd.	16,020,916	4.99%	17,321,487	5.39%	—	—	Alexander M.T. Su	The Chairman	
Trickle Co., Ltd.	14,662,469	4.57%	5,228,283	1.63%	—	—	Trickle T.C. Chang	Corporate Director	
BitGinko's investment account under the trust of HSBC	8,000,000	2.49%	—	—	—	—	—	—	
Johnathon Y.J. Su	7,704,930	2.40%	340,000	0.11%	—	—	Alexander M.T. Su	Father-son	
							Cheng Yu Investment Co., Ltd.	Representative	
Alexander M.T.Su's dedicated trust account in First Commercial Bank	6,000,000	1.87%	17,321,487	5.39%	—	—	Alexander M.T. Su	The Chairman	
Trickle T.C. Chang	5,228,283	1.63%	—	—	—	—	Trickle Co., Ltd.	Corporate Director	
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard	3,657,403	1.14%	—	—	—	—	—	—	

Name	Personal shareholding		Shares Held by Spouse and Underage Children		Shares Held in the Name of Other Persons		Titles, names, and relationships applicable to the top 10 shareholders with relationships specified by SFAS No. 6, spouse and kinship within the second degree.		Note
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Total International Stock Index Fund, a series of Vanguard Star Funds of Vanguard Star Funds									

(IV) Dividend Policy and Implementation Status

1. Company Dividend Policy

The Company has adopted a balanced dividend policy to protect shareholder interest and the goal of sustainable development.

The Company shall not distribute dividends or profit-sharing in the absence of retained earnings in the current year. The Company has distributed cash dividends to shareholders every year since 2000. The Company will continue to follow a consistent and sustainable dividend policy. Capital budget planning for the next year will be based on actual profits and financial, sales, and management performance in the current year, and the most appropriate cash dividend distribution proposal will be determined accordingly. On March 11, 2025, the Board of Directors of the Company proposed that the 2024 earnings be distributed as cash dividend at NT\$2.5 per share as shown in the table below. The Company will proceed to carry out the proposal after it is approved at the general shareholders meeting on May 29, 2025.

2. Dividend Distribution to be Proposed to the Shareholders Meeting

	Amount Distributed Per Share (NT\$)	Source
Cash dividends	NT\$ 2.50	Undistributed earnings
Total	NT\$ 2.50	

(V) The effects of the stock dividends on the Company's business performances, earnings per share, and shareholder ROI: Not applicable.

(VI) Employee Bonus and Director Remuneration

(1) According to the Company's Articles of Incorporation, if the Company has profit for the year, 3% or less shall be set aside as remuneration for Directors and no less than 3% shall be set aside as remuneration to employees.

(2) Remuneration to directors and employees for 2024:

- The Company's 2024 Earnings Distribution Statement was approved in the 16th meeting of the Company's 11th Board of Directors on March 14, 2025. After the Statement is passed in the general shareholders meeting on May 29, 2025, and approved by the governing authorities, the Board of Directors shall establish a (cash) dividend distribution date to implement the Statement.
- Distribution of earnings in the current year as employee remuneration and director remuneration:

Unit: NT\$

Item	2024
Director's remuneration	47,800,522
Employees Remuneration (distributed in cash)	47,800,522

Note: 1. The amount of the aforementioned remuneration for Directors and employees is consistent with the resolution by the Board of Directors on March 11, 2025. The aforementioned employee remuneration will be distributed after resolution in the 2025 general shareholders meeting.

2. The amount previously recognized is consistent with the resolution by the Board of Directors.

3. The ratio of proposed employee stock bonus allocation compared to the individual financial report net profit after tax for the quarter and the total employee bonuses: Not applicable.

(3) 、2023 Distribution of earnings as employee remuneration and director remuneration:

Unit: NT\$

Item	Amount resolved by Board of Directors	Actual amount distributed (Note)
Director's remuneration	55,254,210	55,254,210
Employees Remuneration (distributed in cash)	55,254,210	55,254,210

Note: The amount of the aforementioned remuneration for Directors and employees is consistent with the resolution by the Board of Directors on March 12, 2024. The aforementioned employee remuneration will be distributed after resolution in the 2024 general shareholders meeting. The amount previously recognized is consistent with the resolution by the Board of Directors.

(VII) Buyback of Treasury Stock: None

**II. Corporate bond issuance status: None**

**III. Issuance of preferred stocks: None**

**IV. Issuance of global depositary receipts (GDR): None**

**V. Exercise of employee stock option plan (ESOP): None**

**VI. Employees' Restricted Stocks: None**

**VII. Mergers (including mergers, acquisitions, and demergers): None**

(I) Mergers, acquisitions or issuance of new shares due to acquisition of shares of other companies that have been completed in the past year and up to the date of report:

1. Evaluative opinions submitted by the lead underwriter for mergers, acquisitions or issuance of new shares for the acquisition of shares of other companies in the most recent quarter: None

2. If the implementation status in the most recent quarter fails to reach expected objectives in terms of progress or performance, the impact to shareholder equities and improvement plans shall be described in detail: None

(II) Resolutions adopted by the Board of Directors in the past year and up to the date of report approving a merger, acquisition, or issuance of new shares due to acquisition of shares of other companies: None

**VIII. Capital Utilization Plan and Its Implementation: None**

## **D. Business Overview**

### **I. Business Activities**

#### **(I) Scope of Business**

The Company's consolidated business operations include: (1)Leveling of steel coils, cutting and stamping of various steel sections, alloy steel, and special steels. (2)Wholesale and retail of various steel and iron plates, iron tubes, hardware, and machinery equipment. (3)Processing and manufacture of steel frames, steel tubes, and steel hardware. (4)Contracting vendors to build public housing and commercial buildings for sale and lease. (5)Import and export of aforementioned products and agency for quotation and tenders. (6)Investment in various production businesses, securities investment companies, banks, and insurance companies. (7)Wholesale and retail of various metal construction materials. (8)Production, purchasing, and sales of various metal products (vibration isolation systems for buildings and vibration isolation dampers for bridges). (9)Real estate rental and leasing. (10)Business dealings not prohibited or restricted by law, except those subject to special approval.

#### **(II) Revenue breakdown**

Of the Company's consolidated business operation in 2024, the percentage of revenue from main products out of the total sales revenue were as follows: 38.8% from steel plates, 7% from special steel plates, 33.8% from hot-rolled and galvanized steel plates, 12.6 from stainless steel, 0.9% from steel sections, and 6.9% from processing and others. The ratios for domestic sales and exports are 99.99% and 0.01%.

#### **(III) Industry Overview**

In 2024, the global steel industry encountered a series of challenges, including the U.S. Federal Reserve (Fed) maintaining high interest rates, manufacturers actively reducing inventory, and the significant downturn in China's real estate market. These factors jointly suppressed the price of steel products, causing steel companies to either suffer losses or a sharp decline in profits. Looking ahead to 2025, the recovery of the manufacturing industry is still shrouded in the uncertainty of the global economic recovery. Although there is a clear demand for investment in emerging technologies (such as AI), the development of these areas faces challenges in funding, policy support, and implementation, and their actual effect on driving the economy still needs to be carefully evaluated.

Offshore wind power, forward-looking infrastructure, domestic production of domestic military vessels, and social housing construction projects currently planned by the government are expected to increase investments in public construction. Due to semiconductor manufacturers actively expanding capacity and Taiwanese businesses returning to Taiwan, increase in electricity consumption and the manufacturing industry's demand on renewable energy has driven growth in demand on steel materials. On the supply side, the basic metals industry benefited from a relatively low base period for comparison, coupled with some customers replenishing their inventories, the production index of the basic metals industry turned from negative to positive growth as a result. Looking ahead, as the two major economies of China and the United States make progress in price control, the global economic environment will gradually stabilize, which will benefit the recovery of demand in the global steel market.

With major economies such as China and the United States actively responding to inflation and deflation, which is expected to help stabilize global financial markets and boost confidence in the economy, this will have a positive impact on the global steel market.

Current products and services:

- A. Current products and materials for sales and purchase: Steel plates, special steels, patterned and hot-rolled steel plates, stainless steel, steel sections, galvanized steel plates, weather resistant, anti-oxidation, and anti-corrosion building materials, and steel structure components (including vibration isolation systems for buildings and vibration isolation dampers for bridges).
  - B. Cutting, processing, and product manufacturing of completed products:
    - (A) Cutting steel plates, special steels, galvanized steel plates, and patterned and hot-rolled steel plates to designated lengths.
    - (B) Processing steel plates, special steel plates, galvanized steel plates, and patterned and hot-rolled steel plates into special shapes and sizes.
    - (C) Cutting, processing, polishing, and precision processing of stainless steel materials into special shapes and sizes.
    - (D) Production and processing of patterned worker's boards.
    - (E) Production and processing of steel structure components, box-columns, steel section columns, and span columns (including vibration isolation systems for buildings and shock-absorbent dampers for bridges).
    - (F) Cropping, cutting, stamping, and other processing procedures and molding modules of weather resistant, anti-oxidation, and anti-corrosion building materials.
    - (G) Manufacturing and processing of underwater steel pipe piles and steel pipe piles for water resource channels.
    - (H) Agency service for importing steel materials of special specifications and material.
- (IV) Overview of Technology and R&D
- (1) New products under development
    - A. Joint subcontracting in one-stop material supply and cutting services.
    - B. Collaborations with solar energy plant EPC enterprises to provide one-stop weather resistant bracket molding modules.
    - C. Steel pipe piles for wind power-related industries, submarine network deployment channels, and submarine boardwalks (in compliance with international standards).
    - D. Steel piles for water resource channels and distribution channels of science and technology plants.
  - (2) Production management
    - A. Management consulting courses: Improve onsite management standards and assist in the establishment of management concepts.
    - B. Implement and execute ISO9001, 45001, 14001, 3834, EN1090, 5S, and the TPM management system.
    - C. Increase opportunities for training and internships to shorten the amount of time required for new recruits to operate on the production line.

- D. Strengthen manufacturing management system: Improve production efficiency, utilization rates, improve labor safety management, improve production quality, reduce the outflow of mixed materials, improve environmental management, production management, and resource utilization.
- (V) Long- and Short-Term Business Development Plans
  - (1) Short-Term Business Plan
    - A. Adopt a collaborative strategy and supply chain cooperation strategy while expanding production capabilities, expanding the market, and maintaining the market share in steel cutting and logistics through more investments.
    - B. With existing cutting technologies, develop new customers and new markets or growing industries to maintain Hsin Kuang Steel's market share in the global steel materials industry.
    - C. Establish a brand image and create differentiation through value chain integration.
  - (2) Long-Term Business Development Plans
    - A. Provide satisfactory pre-sales and after-sales services with the Company's exceedingly stable foundations that include over 2,000 long-term domestic and foreign customers, intensive partnerships with upstream domestic and foreign steel mills, integrated domestic logistics networks, availability of storage space and land in the plants, sophisticated cutting equipment, automated transportation equipment and fleets, and young talents that are full of potential.
    - B. In response to the demands for underwater foundation piles for offshore wind power and the solar photovoltaic green energy supply chain, the Company has been improving its cutting and manufacturing technologies, strengthening its services for the photovoltaic green energy industry value chain, and developing offshore wind farm maintenance projects to satisfy the needs of world-class wind farm developers while extending the scope of services and length of service periods.
    - C. Further develop innovative business models to increase the contribution of business applications related to reasonably profitable business transformation models uncovered from customer-satisfactory value chains. Provide more integrated services that include integrated strategies for steel products, further enhancement of cutting technologies, and optimal strategic plans to provide customers with better value.

## II. Market, Production, and Sales

### (I) Production & Marketing Profile

The Consolidated Entity's operating revenue was NT\$14,592,238 thousand and net operating profit was NT\$592,558 thousand in 2024, down 9.22% and 30.96% compared to 2023, respectively. The global economy 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 for the entire year. In 2024, the Company was able to produce and sell 500,000 tons of steel products out of its annual goal of 408,000 tons, resulting in an achievement rate of 82%.

In order to establish long-term advantages, the Company has implemented the following business strategy guidelines in 2025 to achieve the optimal results: Procurement: strengthen supplier relationships and management and make acquisitions when prices are low; Business operation: Adopt complex management styles and sell multiple types of steel; Public and private construction: Adopt concerted cooperation and accept new purchase orders. Strategic integration and mid- to long-term plans: Implement supply chain integration, work with joint ventures and world-class steel plants, supply and manufacture steel parts for underwater foundations for offshore wind power projects, and develop solar photovoltaic materials; Customer relations management: Focus on the value curve and develop new customers. The Company has always relied on its expertise in steel material services as it continues to integrate corporate resources, enhance the overall core capabilities, and implement more efficient digitized corporate operating procedures in order to provide customers with the most comprehensive one-stop services. As a result, the Company ensures its outstanding performance in the intensely competitive industry through the management and operation of corporate resources, diverse and comprehensive customer services, and fast logistics distribution and sales services.

## (II) Market Analysis

### 1. Sales of main products and services and available regions :

The Company's main products and services include the cutting, processing, and sales of various steel plates and steel sections. It mainly supplies the domestic market, with sales channels nationwide and over 2000 customers.

The ratios of the Company's domestic sales in each region in 2024 are 47% for the Northern Region, 24% for the Central Region, and 28% for the Southern Region. Domestic sales accounted for 99.99% of sales while exports accounted for 0.01% of sales.

### 2. Market share and future supply and demand status:

#### (1) Market Share:

The Company plays a key role in connecting upstream and downstream industries in the secondary processing and cutting process between the steel refinery products and the terminal industrial products in the steel industry. The Company has established the professional "Steel Materials Logistics Center", "Building Steel Cutting Center", "Steel Structure Components Production Center", and an island-wide distribution network to integrate related upstream and downstream industries, fully exerting the functions of the Hsin Kuang Steel and its network of affiliate operations for the benefit of the Company's production and marketing plans.

To increase market competitiveness and become the material supply center

with the most comprehensive cutting equipment in Taiwan, the Company has over the years purchased fully-automated cutting equipment with high cutting quality and efficiency. The Company shall also increase its market share through the "Steel Materials Logistics Center" marketing strategy and its island-wide distribution network.

Through strategic alliances and vertical industry integration, the Company took part in public construction tenders and major private construction projects to advance the sale of steel materials and cutting services to supply materials for joint subcontracting projects. The Company's way of providing customers with comprehensive services and achieving win-win outcomes through various functions and activities in the value chain has become a competitive advantage difficult for competitors to imitate and surpass.

According to statistics compiled by the CommonWealth Magazine in 2024 of the top 2,000 manufacturers, the Company's consolidated revenue of NT\$16.07 billion in 2023 placed it on the No. 228 spot and No. 11 spot in metal resources industries. The Company is the only medium and thick steel plate cutting center qualified and registered by the Industrial Development Bureau, Ministry of Economic Affairs. The Company is equipped with a full range of equipment and provides excellent quality and fast delivery. It is the top supplier in terms of the scale of cutting operations and provides comprehensive transportation services. These factors have won the Company recognition and trust in the industry.

(2) Future market supply and demand:

As the government implemented the forward-looking infrastructure program and 12 key strategies for Taiwan to achieve net zero emissions by 2050, transitions in energy, industry, life, and society based on the governance of technology R&D and climate legislation involve the development of forward-looking infrastructure for the solar power, offshore wind power, and water resources industries, while implementing major public construction projects and policies to expand the domestic market. As overseas Taiwanese businesses return to the island, private investments and the number of plants and office buildings have increased and contributed to the prosperity of the steel industry by increasing steel demand. The Company plays a key role in connecting the upstream and downstream enterprises in the steel industry as it fulfills the functions of the "Steel Product Logistics Center", "Building Steel Cutting Center", and "Steel Structure Components Production Center", which grows each year with the growth of the industry.

A. Steel Plates

Large-scale domestic public construction projects include: industrial and commercial complexes, financial-center skyscrapers, reconstruction of urban old and unsafe buildings, MRT systems for metropolitan areas, the Danjiang Bridge Project, the Taoyuan International Airport Terminal 3 "Apron, Taxiway, and Apron Facility Project," and the Forward-looking Infrastructure Development Program. According to the "Demand Forecast for Steel Products in Taiwan from 2024 to 2025" compiled by Taiwan Steel & Iron Industries Association, the continuity of the government's Forward-looking Infrastructure Development Program and public works

supported demand in the construction industry in 2024, demand from machinery and automobile industries bounced back, and steel using industries completed the adjustment of their inventories, which increased the willingness of downstream companies to replenish their stocks. Even through the outlook for housing construction demand is relatively conservative and will affect the growth of demand on steel plates in 2025, demand from downstream industries such as machinery and metal products is expected to pick up, and demand for steel in shipbuilding and automobiles will be supported. In addition, the demand for steel plates in domestic infrastructure and public works will be stable. The demand for steel plates in 2025 is estimated at 1,312,000 tons with a growth rate of 1.2%. The Company purchases steel plates from China Steel and is also a cutting center for medium to thick steel plates registered with the Industrial Development Bureau, Ministry of Economic Affairs. The Company's comprehensive cutting capabilities, professional cutting technologies, and the island-wide distribution network of its logistics center can provide customers with convenient one-stop service and sustain the continued growth of this business.

B. Special Steel Plates

Special steels have a wide range of uses and is the main material for key parts, so the quality requirements are relatively high. According to the "Demand Forecast for Steel Products in Taiwan from 2024 to 2025" compiled by Taiwan Steel & Iron Industries Association, global political and economic uncertainties are expected to be gradually resolved in 2025, which will help stabilize the economic performance of European and American markets. In addition, the markets of China, India and ASEAN countries are growing steadily, stimulating the increase in downstream export orders and shipments, such as machinery, hand tools and automotive parts, supporting the stable demand from downstream companies for production materials. At the same time, the demand for emerging applications, such as AI and electric vehicles, will increase, so domestic demand is expected to continue growing by 8.23% in 2025. The special steel plates cut by the Company are mainly medium-carbon steel plates and alloy steel plates used for molds, as well as large steel round bars for imports. The Company's new equipment ensures accuracy and stable quality, while its extensive island-wide sales channels ensure stable growth each year.

C. Hot-Rolled/Cold-Rolled Steel Plates

According to the "Demand Forecast for Steel Products in Taiwan from 2024 to 2025" compiled by Taiwan Steel & Iron Industries Association, major markets were impacted by geopolitical instability, inflationary pressures rising again, and continued high interest rates in 2024, and the growth momentum of demand in major downstream industries remains to be observed. However, the domestic economic situation has improved, the demand for materials has bounced back, and domestic and overseas infrastructure and public works have remained stable, which will help support construction demand. In 2025, although the demand from downstream industries such as automobiles and construction has slowed down, international political

and economic uncertainties are expected to be resolved and will help gradually stabilize the domestic and overseas economic situation, causing demand from domestic and overseas markets to also stabilize. The demand for hot-rolled steel products is expected to grow 1.7% to 2,306,000 tons in 2025.

Ongoing infrastructure projects will continue to be carried out as the domestic real estate industry recovers, supporting demand for cold-rolled steel products for construction. Demand from downstream industries such as metal products, automobiles, and pipe making has found support at current levels. At the same time, the supply and demand situation and quotations of major steel-producing countries and regions has been stable after production cuts. The demand for cold-rolled steel products is expected to grow 1.2% to 1,150,000 tons in 2025.

The Company's Northern Region Steel Coil Cutting Center and the Central Region Steel Coil Cutting Center have steel coil leveling and automated cutting machines. The cut hot-rolled steel plates can be used for computer cases, buildings, auto and motorcycle parts, fuse box components, machinery, hardware components, etc. The Company is able to supply the market with 80,000 to 120,000 tons of products each year. The supply can be increased in accordance with growing market demand.

According to the "Demand Forecast for Steel Products in Taiwan from 2024 to 2025" compiled by Taiwan Steel & Iron Industries Association, global political and economic uncertainties are expected to be gradually resolved in 2025, which will help the stable economic growth of Taiwan and major markets such as Europe and the United States, driving an increase in export orders and export performance of automobiles, computers, electronics and optical products. At the same time, domestic demand for solar photovoltaics will grow due to policies, and demand for hot-rolled galvanized steel products is expected to grow 8.5% to 1,647,000 tons in 2025.

According to the "Demand Forecast for Steel Products in Taiwan from 2024 to 2025" compiled by Taiwan Steel & Iron Industries Association, galvanized steel products benefited from the growing demand in the AI server and consumer electronics industries; demand for metal products and furniture hardware has bounced back; business opportunities from smart home appliances and remote connections have grown moderately; the recovery of consumer spending in European and American markets will benefit purchase orders and shipments of the 3C industry. The demand on galvanized steel products is expected to grow 4.6% to 84,000 tons in 2025.

The Company is able to supply the market with approximately 50,000 to 60,000 tons of hot-rolled galvanized and galvanized steel products each year and the supply can be increased in accordance with growing market demand.

#### D. Stainless Steel

According to the "Demand Forecast for Steel Products in Taiwan from 2024 to 2025" compiled by Taiwan Steel & Iron Industries Association, geopolitical instability is expected to cause international

energy prices to remain high in 2025, supporting demand from the petrochemical and pipe manufacturing industries. In addition, the demand from public works is relatively stable, and competition from products imported from China and Indonesia has intensified. Moreover, rigid demand from domestic real estate has peaked, and the effects of the government policy to curb real estate speculation are gradually emerging, which has led to a slowdown in the domestic real estate market. In addition, the market has a relatively high base period, so domestic demand on hot-rolled stainless steel products is expected to decline 3.8% to 1,167,000 tons in 2025.

Domestic cold-rolled stainless steel products are expected to continue to face intense competition from exports of main competing countries, which will affect the industry's export performance. Domestic demand will be relatively supported and demand from downstream industries such as metal products will show moderate growth. The Association predicted that the demand for cold-rolled stainless steel products in 2025 will be 462,000 tons, the same as last year.

The Company's Stainless Steel Cutting Center introduced the latest computer statistics-controlled fully-automated plasma cutting equipment available in Taiwan to provide diverse, high quality, and high precision cutting services, creating high value-added profits. The stainless steel leveling and cutting machine will provide downstream customers with stainless steel plates in more sizes and higher precision, which will help develop the Company's stainless steel profit center.

#### E. Steel Section

The Company's Steel Department mainly handles the manufacturing of H-beams. According to the "Demand Forecast for Steel Products in Taiwan from 2024 to 2025" compiled by Taiwan Steel & Iron Industries Association, the outlook for domestic steel use in housing construction is relatively conservative due to the impact of government policies and labor shortages, as well as the base period continuing to climb higher, affecting domestic steel consumption. However, due to the stable demand from public works, the relatively stable demand for new factories and offices supported by moderate economic growth, and the continued moderate expansion of downstream applications, such as machinery, structures, and hoisting, domestic steel demand is expected to grow 1.8% to 1,056,000 tons in 2025.

#### F. Comprehensive Analysis

Steel companies must engage in transformation to adapt to the changing times, focus on adding more value and developing green energy industries, use hydrogen-based direct reduction technology to reduce pollution, and implement low-carbon transformation through process improvement, energy conversion, and circular economy to achieve net zero by 2050, so that the steel industry will remain competitive. The government has been promoting solar power, offshore wind power, forward-looking infrastructure, domestic production of domestic military vessels, and expansion of the domestic market while encouraging overseas Taiwanese businesses to

return operations to Taiwan. There is also an increase in private investments in new industrial plants, offices, and buildings. In addition, solar and wind power generation are expected to make steel widely used in various green energy fields, and this type of demand is growing steadily. The steel industry has gradually shifted its focus to improving quality and increasing added value. China, which accounts for 50% of global steel demand, has made counter-cyclical adjustments to its monetary and fiscal policies. This might be able to lift the pressure of high interest rates in Europe and America, but steel demand has peaked in China after two decades of rapid growth and is on the decline, causing China to export its excess steel around the world. However, we believe that procurement and inventory can be planned based on the economic situation, and the only way to survive and prosper in the fiercely competitive market is through equipment innovation, product diversity, better product quality, and the ability to utilize company resources. Therefore, we will continue to leverage our "Building Steel Cutting Center," "Steel Product Logistics Center," and "Steel Structure Components Production Center" to continue operations and sustain growth in the industry.

(3) Favorable and unfavorable factors in the Company's operating goals and development:

The Company's main operating policy for 2024 is to adjust product portfolios by focusing on these operational strategies: advocating flexible adaptation to the growth and decline of various steel industries, seeking reasonable profits, supporting the increased construction demand associated with the return of overseas Taiwanese businesses, cooperating with upstream and downstream alliances, introducing total solutions for the development of high corrosion resistant photovoltaic support bracket for solar panels, and expanding production bases for offshore wind power underwater foundations, among others. The Company's internal target for 2025 is 520,000 tons of steel products. Analysis of the favorable and unfavorable factors for the Company's long-term growth and strategy are as follows:

A. Favorable factors:

- a. Since the steel industry is the basis of national infrastructure and a key industry for economic development, it is closely tied to other industries, serving as the basis of industries like transportation, machinery, shipbuilding, construction, electrical engineering, etc. The steel industry is therefore known as the mother of all industries. Long-term economic developments, a strong capital foundation, and the Taiwanese government's recent campaigns to support solar power, offshore wind power, forward-looking infrastructure, and expansion of domestic markets while encouraging overseas Taiwanese businesses to return their operations to Taiwan, facilitating a stable and optimistic future for the domestic steel market. Offshore wind power offers opportunities for transformation and upgrades for domestic end-use industries. As a result, the domestic steel industry and other end-use industries are reporting increased domestic capital expenditures, which is immensely beneficial to the steel cutting industry.

- b. The Company's full range of cutting equipment and state-of-the-art steel structure component production line, products, and inventory provide more comprehensive services than other firms in the industry and can satisfy the different needs of different customers. The Company also has comprehensive and high-performance distribution services in the form of its "Building Steel Cutting Center", "Steel Product Logistics Center", "Surface Galvanized Steel Product Cutting Center", and "Steel Structure Components Production Center".

To meet demands from the supply chain of offshore wind power equipment, the Company established the "Elbow Production Center for Underwater Foundations."

To meet demands from the supply chain of solar power infrastructures, the Company established the "Building Steel Cutting Center".

- c. The BOT model adopted by public construction projects will increase the demand for steel, particularly for industrial and commercial complexes, financial-center skyscrapers, reconstruction of urban old and unsafe buildings, MRT systems for metropolitan areas, the Danjiang Bridge Project, the Taoyuan International Airport Terminal 3 "Apron, Taxiway, and Apron Facility Project," and the Forward-looking Infrastructure Development Program. By establishing a network of affiliates with Hsin Kuang Steel at the center and strategic partnerships, the Company is able to advance joint subcontracting in large-scale public and private construction projects, provide professional cutting services and production services for steel structure components, and open up more business opportunities.
- d. The expansion in the production and export of steel products has been met by strong demands from Southeast Asia, where rapid economic development is translating into higher demand for steel products. Over the long term, these developments will make Taiwan the supply center for steel products in the Asia Pacific.

B. Unfavorable factors:

- a. International trade conflicts regarding iron prices and market demand have not ceased, the negative impact of the Russo-Ukrainian War on the economy is declining, but there is still excess supply of steel in the international market. Disputes may arise once again as economic and trade activities around the world gradually start to recover and are expected to continue impacting Taiwan's domestic demand for steel products. A strong earthquake in the southern part of Turkey caused the production and transportation of major local steel mills to be suspended, and their steel exports may be reduced and diverted to meet demand from reconstruction after the disaster. Governments and corporations around the world expect a decline in both steel price and production volume. As a result, the steel industry faces more intense competition in vertical

supply, with new challenges to overcome in business operations and strategies.

- b. Insufficient entry-level laborers and the vast increase in wages due to reduced work hours and labor laws affected production costs.
- c. Market order remains to be established in the wake of liberalized steel import and export and lower entry threshold for secondary processing operators.
- d. The domestic private investment environment has performed poorly in recent years, with numerous industries relocating to China or Southeast Asian countries. Recent international economic development fell short of expectations, and as a result, domestic investment, import/export, and industrial output can no longer maintain the same growth as before.

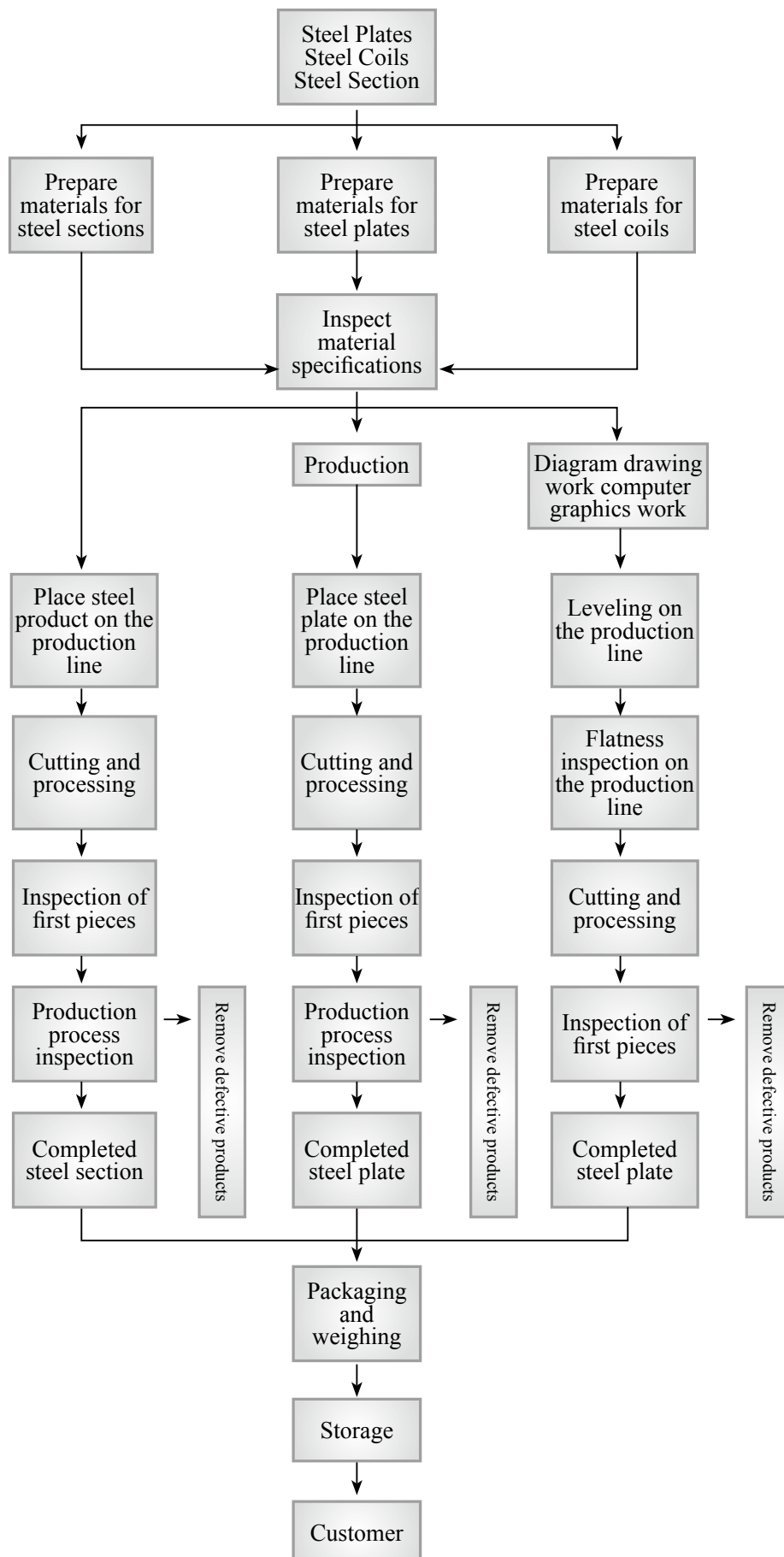
### 3. Important Applications and Manufacturing Processes of Main Products

#### (1) Applications of Main Products:

Name of Main Products		Application
Steel Plates		Piles for underwater foundations of offshore wind farms, steel pipe piles for wind power related industries, steel pipe piles for submarine networking and submarine boardwalks, steel pipe piles for water resource channels and distribution channels of science and technology plants, steel frame foundation structures (production and installation of steel frame box-columns and BH steel column components), pot bearing for bridges, vibration isolation bearings for buildings, shipbuilding industry, machinery, steel bridge materials, oil pipes, storage tanks, public construction, Taipower high-voltage steel towers, telecommunication towers, etc.
Weather resistant, anti-oxidation, and anti-corrosion building materials		Weather resistant bracket molding module products, heavy-duty storage racks, building roof panels, commercial rooftop photovoltaic power plant maintenance boardwalks, construction material, vessels for petrochemicals, automobile and motorcycle parts, hardware parts, aviation structural materials, steel pipes, light steel, accessories for general household electrical appliances, machinery bases, fuse boxes, etc.
Special Steel Plates		Mechanical parts, pressure vessel, wear-resistant steel, hot steel mold, cold steel mold, stamping steel mold, automobile and motorcycle parts, base molds, steel for tools, etc.
Hot-Rolled Steel Plates (Steel Coils)	Patterned Steel Plates (Steel Coils)	Anti-skid plates, stair plates, parking lot equipment plates, chemical plant walkways, pedals for large vehicles and machinery, patterned worker's boards, etc.
	Hot-Rolled Steel Plates (Steel Coils)	Automobile and motorcycle parts, hardware parts, computer casing, steel pipes, light steel, accessories for general household electrical appliances, machinery bases, fuse boxes, etc.
	Hot-Rolled Galvanized Steel Plates (Steel Coils)	Internal/external plating and components for automobiles, casing and bases for general household electrical appliances, bases for washing machines, computer hard drive casing, sliding rails, ducts, air ducts, vending machine casing and parts, steel doors, weather resistant, anti-oxidation, and anti-corrosion building materials, etc.

Name of Main Products	Application
Stainless Steel	Construction material, vessels for petrochemicals, automobile and motorcycle parts, hardware parts, aviation structural materials, steel pipes, light steel, accessories for general household electrical appliances, machinery bases, fuse boxes, etc.
Steel Section	Factory steel framing, construction steel framing, mechanical parts, automobile and motorcycle parts, axles, crane materials, materials for basic and arched steel structures, etc.
Metal products (vibration isolation systems for buildings and shock-absorbent dampers for bridges)	<p>The ASBD shock isolation system provides vertical bearing capacity for columns while also isolating and reducing the destructive force of earthquakes. It also uses high-performance energy dissipators to control the movement of the structure while maintaining a certain comfort level for residents. There are no special restrictions of its use in buildings and it is suitable for structures built with reinforcing steel or other special structures such as buildings integrated with public transport systems.</p> <p>Pot bearings for roads, highways, light rails (MRT), high-speed rails, bridges, and other buildings, vibration isolation bearings for bridges, elevated bearings for various bridges, special anti-corrosion bearings, electrically insulated bearings, water-resistant materials for high-speed rails, dampers, bearings for shear devices, steel shear boxes, anti-uplift devices, vibration resistant/isolation devices, expansion joints, and other steel structures and components.</p>

## (2) Production Process of Main Products



1. Primary raw material supply status

Primary Materials	Main Source	Supply Status
Steel Plates	China Steel, Japan, Korea, India	Good
Weather resistant, anti-oxidation, and anti-corrosion building materials	Japan	Good
Special Steels	China Steel, Feng Hsin Steel, Toufen, Japan, Korea, China, India	Good
Patterned Steel Plates	Japan, Korea	Good
Hot-Rolled Steel Plates	China Steel, Dragon Steel, Japan, Korea	Good
Hot-Rolled Galvanized Steel Plates	China Steel, Japan, India	Good
Stainless Steel Products	Japan, China, India, Vietnam	Good
Steel Section	China Steel, Dragon Steel, Tung Ho	Good

The above suppliers are good steel smelting plants with excellent reputations in the industry and with which the Company has worked with for many years. These suppliers can guarantee that the Company received steady supplies of raw materials and maintains a competitive edge.

2. Supplier (over 10% the Company's total sales in any given year over the last 2 years)

(1) Information on main suppliers in the last two years

Unit: NT\$ thousand

Item	2023				2024				2025 up to the end of the first quarter		
	Name	Amount	Total annual net purchase ratio (%)	Relationship with the issuer	Name	Amount	Total annual net purchase ratio (%)	Relationship with the issuer	Name	Amount	Net purchase ratio of the current year up to the previous quarter (%)
1	Supplier A	4,512,257	30.98	None	Supplier A	4,054,255	30.48	None	Note 1		
2	Supplier B	2,916,934	20.03	None	Supplier B	1,924,046	14.47	None			
	Others	7,134,166	48.99	None	Others	7,321,788	55.05	None			
	Net purchase	14,563,357	100.00		Net purchase	13,300,089	100.00				

Note 1: As of the publication date of this annual report, there has yet to be financial statements from the first quarter of 2025 that has been reviewed by CPAs.

(2) Information on main customers and suppliers in the last 2 years

Unit: NT\$ thousand

Item	2023				2024				2025 up to the end of the first quarter		
	Name	Amount	Proportion of net sales for the year (%)	Relationship with the issuer	Name	Amount	Proportion of net sales for the year (%)	Relationship with the issuer	Name	Amount	Percentage of net sales for the current year up to the previous quarter (%)
	Others	16,074,889	100	None	Others	14,592,238	100	None	Note 1		
	Net sales	16,074,889	100		Net sales	14,592,238	100				

Note 1: As of the publication date of this annual report, there has yet to be financial statements from the first quarter of 2025 that has been reviewed by CPAs.

### III. Employee information of the last two years and up to the publication date of this report:

By the end of 2024, the Company had a total of 570 employees, including 58 managers, 41 specialists, 149 assistants, and 322 technicians. The workforce demographics as of the end of March 2025 are as follows:

Year		2023	2024	March 31, 2025
Number of employees	Management	55	58	58
	Specialists	38	41	44
	Assistants	142	149	139
	Technicians	316	322	330
	Total	551	570	571
Education background	PhD	-	-	-
	Master's degree	5.44	4.91	4.73
	Bachelor's degree	48.82	49.47	50.09
	Senior High School	32.67	31.93	31.52
	Senior High School and below	13.07	13.69	13.66
Average age (years)		39.64	40.01	40.19
Average years of service (years)		6.74	7.09	7.17

In 2024, the employee turnover rate was 13.86%. The Company deems 8% and 12% to be a healthy turnover range. Given that the Company is still in a stage of growth, and factory expansion along with the recruitment of new employees caused an increase in turnover rate, the Company hired 97 new recruits this year, with new recruits accounting for 17.02% of the total employees at the end of the year, suggesting that the workforce is effectively invigorated.

### IV. Spending on environmental protection

- (1) Cases in which the Company was required by laws and regulations to apply for a permit, submit pollution prevention fees, or set up a dedicated unit/personnel for environmental protection issues: None.
- (2) Investment in pollution-preventing equipment, its usage, and possible benefits: None.
- (3) Improvement of environmental pollution made by the Company in the past 3 years up to the publication date of this Annual Report:

The Company conducted careful evaluation regarding environmental protection and preventing pollutions when it first established its plant and determined that it would produce products that cause the least pollution. The effects on air quality, production of wastewater, and byproducts from the production process are described below:

- ① The Company's main equipment in various plants consists of cutting machines and the Company does not carry out smelting and painting procedures. The waste material and iron scraps have been sold to contracted iron recycling companies for recycling and smelting and therefore there were no air or water pollutions in the production process.
  - ② The Company's welding process for steel structure components and steel pipe piles does not include smelting and painting. Also, the welding slag and welding medium generated during the welding process are sold to contracted iron recycling companies for recycling and smelting, therefore there were no air or water pollutions in the production process.
  - ③ The inventory of products consists mainly of steel plates, steel coils, and steel sections that do not produce waste.
  - ④ The sound produced in the process of lifting and unloading steel plates have been inspected by agents from the Northern Office of the Occupational Safety and Health Administration and determined to be in line with the Noise Control Act.
  - ⑤ The Company actively implements green landscaping for all plants to provide employees with a good work environment. The Company has carried out rigorous environmental protection and pollution prevention tasks in accordance with government regulations.
- (4) Total losses or fines due to environmental pollution in the past two years and up to the publication date of this annual report: None.
- (5) Projected major expenditures on environmental protection in the next 2 years: None.

## **V. Employees-employer relations**

The Company treats employees as its most important asset, offering them challenging and meaningful work, a safe workplace, and excellent compensation and benefits. In addition, the Company encourages employees to spend time with families, develop hobbies, get involved in the community, and enjoy their lives.

The Company believes in treating its full-time employees, contract and temporary employees, and interns with respect. In addition to never forcing or threatening employees to do work they are unwilling to do, the Company listens to its employees and maintains an open channel for communication.

The Company values two-way communication and strives to provide open and transparent manager-to-employee and employee-to-employee communication. To give attention to employee opinions and sentiments, the Company conducts employer-employee meetings and provides employees with fair and effective communication mechanisms to state their opinions in order to understand their thoughts and quickly process issues they raise, promoting harmonious employer-employee relations and achieving prosperity for both the Company and its employees.

A range of channels available for internal communication in recent years has contributed to workplace harmony. As a result, while the Company has always respected the right of its employees to organize conventions, no employee has ever made calls to unionize. The Company has not incurred any loss arising from employer-employee disputes in 2024 and up to the publication date of the 2025 annual report.

### **(1) Remuneration**

The Company is dedicated to providing its employees with above-average

benefits and compensation. The Company provides diverse and competitive salary systems that satisfy external competitiveness, internal fairness, and legal requirements. It also upholds the ideal of sharing profits with employees by attracting, retaining, cultivating, and encouraging outstanding talents in all sectors. As the Company's performance has been satisfactory since its establishment some 50 years ago, the remuneration we give our employees has always been higher than that of our competitors.

Compensation for employees includes monthly salaries, quarterly performance bonuses in cash, and annual employee bonuses based on the profit margins of that year.

The quarterly cash bonus and annual employee bonus are given to reward employees for their contributions and to inspire dedication. Employees' interest is aligned with shareholders' interest to create win-win situations for the Company, shareholders, and employees. Employee compensation is based on the Company's performance and the industry average. The Remuneration Committee is in charge of proposing the total amount and allocation to the Board of Directors, and employee compensation is distributed promptly after the proposal is approved by the Board of Directors. The amount of bonus granted to employees is determined by their responsibilities, contributions, and performance.

(2) Employee benefits

The Company helps employees adjust to company culture and fulfill goals for personal development from the standpoints of employee orientation, professional growth, and career development, allowing employees to challenge themselves, set records, and grow with the Company in a diverse and innovative environment. Employer-employee relations have therefore been harmonious and the Company has not experienced any employer-employee disputes since its establishment. The Company has been repeatedly praised for its performance in employee welfare, labor education and training, occupational safety and sanitation, and labor conditions. Therefore, the chance of potential losses due to employer-employee disputes in the future is extremely low.

- A. Convenient services in plants: Employee cafeterias, travel allowances, and commute allowances are provided in all plants.
- B. Health promotion and management programs: Includes health and wellness activities like checkups, blood drives, and seminars to raise awareness of health management.
- C. A variety of employee benefits: The Company organizes sports and hiking events, company trip subsidies, irregular afternoon tea, and department gatherings, as well as subsidies for holidays, wedding/funeral, and emergency relief to meet the needs of employees.
- D. A variety of child benefits for employees: Scholarships, grants, child benefits, and birth allowances are available to employees.
- E. On-site nursing services: Nurses regularly provide on-site services at various plants, arrange annual health service plans, evaluate workplace hazards and maternal health protection plans, arrange health education interviews based on the health conditions of employees, and provide comprehensive care for the physical and mental health of employees.

(3) Personnel development:

The continuing growth of the Company and that of its employees are interlinked. Hence, the Company brings together internal and external resources to provide

challenging work and a workplace where employees are encouraged to realize their full potential. Job rotation is implemented to help employees explore their limits. The Company has created an environment that facilitates ongoing and diversified learning. The "Employee Training and Education Regulations" was put in place to help employees grow with the Company by setting objectives, disciplines, and plans.

To cultivate talent and create a conducive work environment, the Company designed talent and organization development programs based on the needs of different departments, the job nature of individual employees, performance evaluation results, and career development needs. The aim is to help employees improve performance and make greater contributions to the Company. Meanwhile, a range of learning and development resources (including on-the-job training, course training, work guidance, mentoring, and job rotation) are available. There are also different learning incentives aimed at creating optimal learning conditions to facilitate the growth of both the Company and its employees.

Furthermore, the Company provides a series of general knowledge, professional, and management training courses for employees in different positions. Experts are invited from outside the Company to teach the courses, and a number of lecturers have been trained to provide in-house training and pass on knowledge and skills crucial to the Company.

The training courses provided by the Company include:

- Orientation: Basic training and on-the-job guidance. Managers and a well-established "partner system" also help new employees settle into the Company and their work.
- General training: Includes training in general knowledge on government regulations, company policies, general knowledge of the Company and all its levels. Subjects in the course include industrial safety training, safety and sanitation training, quality-related training, plant emergency response training, and personal performance management.
- Professional/occupational training: Includes technical and professional training required by various units such as equipment and engineering, manufacturing process training, accounting, information technology, etc.
- Direct employee training: Includes training on the knowledge, technical capabilities, and methods required on the assembly line so that trainees can obtain their licenses to operate machinery. Course content includes direct technical skill training, technician training, and training courses for group leaders in the manufacturing department.
- Customized training: Training programs designed according to the condition of each organization and the focus of their employee training.
- Training for managers: The Company organized management development training activities according to the capabilities and responsibilities of different management tasks. Courses include core curriculum for junior managers, the core curriculum for middle-level managers, the core curriculum for senior managers, and other elective courses.

In addition to in-house learning resources, the Company offers allowances for employees to attend external short-term courses, credit courses, or study for a degree.

In 2024, the Company organized a total of 362 courses, reaching a total of 8,482 training hours and 2,881 participants. On average, each employee was trained for

approximately 28 hours, with total training expenditure amounting to NT\$3.75 million.

- (4) Employee activities: The Employee Welfare Committee is established for the benefit of employees. The committee meticulously plans out various activities and welfare facilities to create a lively work environment and raise employee morale. In 2024, the Employee Welfare Committee and subsidiaries spent a joint total of NT\$12,051 thousand on employee welfare activities, such as scholarships for employees' children, birthday celebrations, company trips, hiking, club activities, and employee care.

- (5) Retirement program

The Company has established a retirement program according to the "Labor Standards Act" and the "Labor Pension Act". Sound financial operations ensure that employees will receive a steady stream of pension payments, which in turn will encourage employees to make long-term career plans in the Company.

As of December 31, 2024, due to the adoption of IFRS No.18 "employee benefits" in accordance with regulations with December 31, 2024 as the baseline date, the present value of the Company's defined benefit obligation was NT\$96,629 thousand, the balance of the Company's pension reserve fund at the Bank of Taiwan was NT\$77,424 thousand, the accrued pension liability was NT\$15,205 thousand, NT\$5,744 thousand was appropriated into the pension reserve account in 2024, and the amount of pension paid was NT\$5,397 thousand.

Since the establishment of the Labor Retirement Reserve Supervisory Committee and as of December 31, 2024, a total of 34 employees have retired, and NT\$62,199 thousand in pensions have been distributed. The new labor retirement system requires an appropriation of 6%-12% (including 6% from the employee) to be deposited in the mandatory labor pension account.

- (6) Labor-management agreement status

The Company values two-way communication and strives to provide open and transparent manager-to-employee and employee-to-employee communication. To give attention to employee opinions and sentiments, the Company conducts employer-employee meetings and provides employees with fair and effective communication mechanisms to state their opinions in order to understand their thoughts and quickly process issues they raise, promoting harmonious employer-employee relations and achieving prosperity for both the Company and its employees.

A range of channels available for internal communication in recent years has contributed to workplace harmony. As a result, while the Company has always respected the right of its employees to organize conventions, no employee has ever made calls to unionize. The Company regularly holds labor-management meetings to understand each other's position and needs through two-way communication. A total of 16 labor-management meetings were held in 2024. The Company keeps track of the number of its employees and announces employee rights at any time.

The Company has not incurred any loss arising from employer-employee disputes in 2024 and up to the publication date of the 2025 annual report.

- (7) Losses arising as a result of employment disputes in the recent year up until the publishing date of this annual report (quantify estimated losses and potential responses; if potential losses cannot be reasonably estimated, state the reason why): None.

- (8) Litigations or employer-employee disputes that require mediation in the past year and up to the publication date of this report: None.

## **VI. Information security management:**

The Company has complete reporting procedures for information security events to ensure that response measures are effectively taken when an information security incident occurs, reducing the risk of losses due to information security incidents.

The Company implemented the ISO 27001 Information Security Management System in 2024 to protect the Company's trade secrets from being leaked through planned and organized information management and maintenance, allowing operations to be smoothly carried out without interference. The Company plans to obtain the certification in 2025.

The Company did not have any major information security incidents in 2024 and up to the date of report.

### Security policy

The Company has focused on the development of the new energy business, and has made a commitment to society, shareholders, and business partners to protect information security and sensitive data in the growth process. We aim to become the industry benchmark and set a good example in information security. To ensure that the Company's internal information and information systems are properly protected, the Company began implementing the ISO 27001 Information Security Management System in 2024, and implemented and strengthened information security management systems according to requirements of international standards. We continue to improve the effectiveness of systems to provide safer and more stable information services, and established related information security organizations.

### Management plan

There were no major information security incidents in 2024, which ensures that the data used by information services of the Company and business partners is fully protected. We also comply with the following policies to ensure data safety for future investors and a robust information security environment

1. The Company began implementing the ISO 27001 Information Security Management System in 2024, and will implement and strengthen information security management systems according to requirements of international standards. We continue to improve the effectiveness of systems to provide safer and more stable information services, and plan to obtain the certification in 2025.
2. A disaster recovery drill is carried out for the core business system once a year to ensure the effectiveness of backup procedures and backup data. The drill ensures that information system services are smoothly transitioned and prevent risks when a disaster occurs, laying the foundation for the Company's sustainable operation.
3. The Company classified all data and takes strict measures to prevent data leakage and monitor sensitive data that is stored and transferred, thereby ensuring the safety of trade secrets.
4. The Company lowers the impact of information security incidents, such as damage, theft, leakage, tampering, misuse, and infringement.
5. We continue to improve the confidentiality, completeness, and availability of all information system services.

(1) Cybersecurity policy and organization

The Company upholds the spirit of corporate sustainability management, and continues to implement and strengthen information security and confidential information protection mechanisms, in order to protect the interests of the Company's customers and partners.

The chief information security officer gathered together related personnel to form an Information Security Implementation Task Force, in order to implement the Company's information security policy, report information security incidents, and handle the incidents. The chief information security officer is appointed by the Board of Directors. The task force consists of the Information Security Strategy Implementation Group, Performance Management Group, and Information Security Maintenance Group. The group leader and members carry out the work of the task force according to instructions of the convener. The task force convenes information security management review meetings at least once a year, and may convene extraordinary meetings as needed.

(2) The Company appointed Jessica P.H. Liu as chief information security officer with the resolution of the Board of Directors on December 19, 2023, in order to implement the information security policy and obtain ISO 27001 Information Security Management certification. The chief information security officer is responsible for the group's information security and periodically reports to the general manager and Board of Directors. Cybersecurity management strategies and resources

I. Enhanced information security management

In response to the demand from work from home and the development of the new energy business, connection security when working from home, data access security, and physical environment management are information security issues that the Company attaches great importance to. The demand on remote work increased in the group due to epidemic prevention measures. We thus enhanced connection security for remote work, comprehensively implemented software-based two-factor authentication, and used passwords along with one-time password to prevent password leakage and hacking. This effectively resolved the issue of account and password being stolen, and ensure the safety of the organization's intranet.

II. Raising awareness of information security

After creating a good information security environment, it is necessary for employees to have information security awareness. The corporate governance officer organized the following information security training in 2024 to continue strengthening and raising employees' information security awareness, and promote basic information security concepts, the latest information security trends, and the latest hacking methods:

Date	Course Title	Hours	Number of people
2024/11/05	Sustainability, Risks, and Information Security Issues in the Era of AI	3 hours	51 (including board members)

In addition, the Company's IT Section irregularly sends information security announcements via mail to remind employees of adjustments to the Group's information security rules and conduct with potential risks, in order to reduce the probability of information security incidents.

### III. Establishing protection mechanisms

The Company implements information security mechanisms from the outside in and inside out based on the concept of defense-in-depth and zero trust. This prevents attacks from different angles impacting the steady operation of the Company's operations systems. We raise the information security awareness of employees through training and regular announcements, and periodically evaluate the appropriateness and effectiveness of the information security policy and operations. We implemented a project to continue enhancing protection measures and lower information security risks. Furthermore, the Company's IT Section abides by the spirit of ISO 27001: 2013, and uses the Plan-Do-Check-Act (PDCA) cycle to establish and management the information security management system. We discover areas where we can make improvements while maintaining effective operations, and provide safe and stable information system services.

IV. The Company requires third party service providers to periodically conduct information security risk assessments in the service agreement, and sets up multiple layers of defense based on the magnitude and probability of risks using the PDCA cycle. The Company also established KPI for information security on this basis.

### (3) Information security incident handling and reporting

#### I. Cybersecurity risk management:

To understand the organization's information security risk, the IT Office evaluates information assets each year and sets the level and acceptable risk of information assets. Risks of different aspects of information security are assessed based on the level, in order to improve high risk items in the organization. Furthermore, the office also assesses and continues to track the information security risks of abnormal events in the organization and external information security events and issues.

#### II. Cybersecurity audit:

To ensure the effective operation and practices of the information security management system established according to ISO27001:2013, we evaluated information security organizations and their authority for the management, implementation, and audit of the information security management system. An information security audit is conducted and management review meeting is convened at least once a year to ensure the applicability, appropriateness, and effectiveness of the information security management system.

#### III. Information security procedures and regulatory compliance:

The Company evaluates and formulates management regulations according to information security management requirements, and establishes operations management regulations based on the business. Any abnormalities or information security incidents that occur during daily operations are reported to the information security, audit, and management departments. Furthermore, in addition to internal management procedures, the Company also periodically conducts reviews based on standards and requirements for personal data privacy protection and other information security, ensuring compliance with applicable laws and regulations and to avoid violating laws and regulations and contractual obligations related to information security.

The corporate governance officer arranged the following training in 2024:

Date	Course Title	Hours	Number of people
2024/06/04	The Personal Data Protection	1.5 hours	21

	Act and personal data protection		
2024/07/06	Confidentiality and integrity	1.5 hours	22

#### IV. Cybersecurity development

Information security is an important issue that companies take very seriously. The Company has established risk management mechanisms and standard procedures for handling information security incidents. We also step up plans for developing information security technologies in response to information security issues, such as: strengthen defense against information security attacks, real-time detection of external threats, and effectively blocking threats, in order to lower the risk of sensitive data leakage.

The Company's information security technology development and operations planning are based on the three elements of information security, information security risks that have been common recently, and information security issues involved in future businesses, including information security risks of remote work, raising the information security awareness of employees, improving system availability, sensitive data protection, privileged account management, event recording and analysis, and cloud environment safety evaluation. Contents are as follows:

- A. Using two-factor authentication to improve the security of remote connections response to epidemic prevention measures, improving information security management for network connections.
- B. Raising employees' information security awareness through training and drills to lower the risk of information security incidents due to negligence.
- C. Analyzing network traffic and behavior to improve the safety of services.
- D. Establishing a sensitive data protection area to strengthen the monitoring of data access and use for the core business.
- E. Strengthening management of transferring internal files outside the Company, only providing transmission methods legally authorized by the Company, and establishing file transfer rules with enhanced monitoring to prevent data leakage.
- F. Strengthening the physical safety of the core business area, using two-factor authentication for entry and exit, and protecting the Company's important assets and data.
- G. Ensuring the stability of core systems through system monitoring tools.
- H. Periodically conducting remote backup drills and recovery drills for core systems, in order to ensure timely recovery after an information security incident occurs.

The Company did not have any major information security incidents, did not sustain any financial losses, operations were not impacted by any information security incidents, and no response measures were necessary in 2024 and up to the date of report.

#### VII. Important contracts: Important supply and sales contracts, technical collaboration contracts, engineering contracts, and long-term loans that are currently effective or expiring in the recent year that may affect the rights and benefits of investors.

Nature of contract	Contracting party	Start and end dates of the contract	Content	Restrictions
Syndicated loan agreement	Mega International	2022.11~2028.01	The Company borrowed a syndicated loan in the	Provided land and factories as collateral

Nature of contract	Contracting party	Start and end dates of the contract	Content	Restrictions
	Commercial Bank		amount of NT\$8 billion to repay bank borrowings and increase working capital needed for operations in the mid-term.	
Long-term loan contract	Mega International Commercial Bank	2022.06~2027.06	Financing of working capital for subsidiary Mason Metal Industry Co., Ltd.	Provided property and plant in Pingzhen as collateral
Long-term loan contract	Land Bank of Taiwan	2024.07~2027.07	Long-term loan	Guaranteed by real estate
Mid-term loan contract	First Commercial Bank	2023.03~2027.09	For the material supply contract for the cooling water circulation system and subsea water intake and outlet pipelines of the Phase II Renewal and Reconstruction Project of Tongxiao Power Plant, second-tier subsidiary Hsin Hua Steel Industry Co., Ltd. contacted a bank for project financing in the amount of NT\$1.545 billion.	Provided NT\$51.81 million in deposits for repayment
Land pre-registration purchase	Ministry of Economic Affairs (Developer: BES Engineering Corporation)	2022/10 (Approved by the Ministry of Economic Affairs) ~	The Company has pre-registered to purchase industrial land in phase 4 of Lunwei West District 1 of Zhangbin Industrial Park, with a land area of 33,273.09 square meters, and paid a 20% deposit in 2022. The handover time of the land shall be based on the developer's development schedule.	Before the applicant completes the use of the land that was pre-registered for purchase (i.e., before obtaining the use license), the applicant may not transfer all or part of the rights and obligations of the pre-registration for purchase to a third party. The applicant shall obtain a use license and complete the use of the land according to the approved plan within 2 years from the date the property transfer certificate (or land use approval) is issued

Nature of contract	Contracting party	Start and end dates of the contract	Content	Restrictions
				<p>by the Ministry of Economic Affairs, or within the period of the factory construction plan approved by the "Industrial Park Land or Building Lease and Sale Review Task Force of the Ministry of Economic Affairs."</p> <p>After the completion of the use, the applicant may apply for a refund of the completion deposit without interest. If the applicant fails to obtain a use license and complete the use of the land according to the approved plan within the time limit, the completion deposit will not be refunded and will be paid to the Industrial Park Development and Management Fund of the Ministry of Economic Affairs. The Ministry of Economic Affairs may forcibly buy back the land at the original price without interest.</p>
Material supply contract	Hung Hua Construction Co., Ltd.	2023.01~2027.06	Second-tier subsidiary Hsin Hua Steel Industry Co., Ltd. supplies the water intake and outlet and pipe frame for the cooling water circulation system and subsea water intake and outlet pipelines of the Phase II Renewal and Reconstruction Project of Tongxiao Power Plant. The contract amount including tax is approximately	Provided a performance bond in the amount of approximately NT\$345 million

Nature of contract	Contracting party	Start and end dates of the contract	Content	Restrictions
			NT\$3.45 billion.	
Sales contract	Century Huaxin Wind Energy Co., Ltd.	2024.11~2025.05	Purchase of steel plates for the pin piles of the underwater foundation of Feng Miao Phase I Wind Farm	Confidentiality obligations
Construction contracts	Hsin Hua Steel Industry Co., Ltd.	2023.10~2025.08	Tongxiao Power Plant Phase II Renovation Project - Submarine Intake and Drainage Piping for the Circulating Water System - Steel Plate Milling and Grooving	Confidentiality obligations
Construction contracts	Hsin Hua Steel Industry Co., Ltd.	2023.12~2027.12	Tongxiao Power Plant Phase II Renovation Project - Submarine Intake and Drainage Piping for the Circulating Water System - Steel Pipe Forming and Processing	Confidentiality obligations

## E. Review of Financial Status, Financial Performance and Risk Management

### I. Analysis of Financial Status

#### (I) Analysis of Consolidated Financial Status

Unit: NT\$1,000

Year Item	2024	2023	Difference	
			Amount	%
Current assets	15,967,145	16,080,068	(112,923)	(0.70)
Property, plant and equipment	5,472,271	4,576,840	895,431	19.56
Investment properties	3,474,668	3,156,680	317,988	10.07
Long-term investments and other assets	4,637,333	4,539,742	97,591	2.15
<b>Total Assets</b>	<b>29,551,417</b>	<b>28,353,330</b>	<b>1,198,087</b>	<b>4.23</b>
Current liabilities	10,050,923	10,250,950	(200,027)	(1.95)
Non-current liabilities	7,151,712	6,039,027	1,112,685	18.42
<b>Total Liabilities</b>	<b>17,202,635</b>	<b>16,289,977</b>	<b>912,658</b>	<b>5.60</b>
Share capital	3,211,463	3,211,463	-	-
Capital reserve	943,445	943,445	-	-
Retained earnings	6,613,259	6,017,307	595,952	9.90
Other equity	881,404	1,166,350	(284,946)	(24.43)
Non-controlling equity	699,211	724,788	(25,577)	(3.53)
<b>Total equity</b>	<b>12,348,782</b>	<b>12,063,353</b>	<b>285,429</b>	<b>2.37</b>

Analysis and explanation of increase (decrease) in proportions:

- Other equity: Mainly due to the unrealized losses from financial assets at fair value through other comprehensive income in the current period.

## (II) Analysis of Individual Financial Status

Unit: NT\$1,000

Year Item	2024	2023	Difference	
			Amount	%
Current assets	12,125,493	11,989,331	136,162	1.14
Property, plant and equipment	2,110,657	2,416,682	(306,025)	(12.66)
Investment properties	4,492,056	3,659,077	832,979	22.76
Long-term investments and other assets	7,476,576	7,131,190	345,386	4.84
<b>Total Assets</b>	<b>26,204,782</b>	<b>25,196,280</b>	1,008,502	4.00
Current liabilities	8,007,417	7,820,727	186,690	2.39
Non-current liabilities	6,547,794	6,036,988	510,806	8.46
<b>Total Liabilities</b>	<b>14,555,211</b>	<b>13,857,715</b>	697,496	5.03
Share capital	3,211,463	3,211,463	-	-
Capital reserve	943,445	943,445	-	-
Retained earnings	6,613,259	6,017,307	595,952	9.90
Other equity	881,404	1,166,350	(284,946)	(24.43)
<b>Total equity</b>	<b>11,649,571</b>	<b>11,338,565</b>	311,006	2.74

Analysis and explanation of increase (decrease) in proportions:

1. Investment properties: Mainly due to the leasing of the logistics warehouse completed in the current period.
2. Other equity: Mainly due to the unrealized losses from financial assets at fair value through other comprehensive income in the current period.

## II. Financial performance analysis

### (I) Analysis of Consolidated Financial Performance

Unit: NT\$1,000

Item \ Year	2024	2023	Increase (decrease) amount	Percentage of change
Operating revenue	14,592,238	16,074,889	(1,482,651)	(9.22)
Operating costs	(13,422,235)	(14,629,138)	(1,206,903)	(8.25)
<b>Gross profit</b>	<b>1,170,003</b>	<b>1,445,751</b>	<b>(275,748)</b>	<b>(19.07)</b>
Operating expenses	(577,445)	(587,462)	(10,017)	(1.71)
<b>Operating net profit</b>	<b>592,558</b>	<b>858,289</b>	<b>(265,731)</b>	<b>(30.96)</b>
Non-operating income and expenses				
Interest income	5,339	4,022	1,317	32.74
Other income	117,458	115,722	1,736	1.50
Other gains and losses	1,226,360	1,258,678	(32,318)	2.57
Financial costs	(399,741)	(383,287)	(16,454)	(4.29)
Share of profits on equity-accounted associated companies and joint ventures	51,564	4,109	47,455	(1,154.90)
<b>Total Non-operating income and expenses</b>	<b>1,000,980</b>	<b>999,244</b>	<b>1,736</b>	<b>(0.17)</b>
<b>Net income before tax</b>	<b>1,593,538</b>	<b>1,857,533</b>	<b>(263,995)</b>	<b>(14.21)</b>
Income tax expenses	(117,061)	(125,953)	(8,892)	(7.06)
<b>Net profit of the current period</b>	<b>1,476,477</b>	<b>1,731,580</b>	<b>(255,103)</b>	<b>(14.73)</b>
Other comprehensive income				
Items not reclassified as income				
Re-measurement of defined benefit plan	3,619	(841)	4,460	(530.32)
Unrealized valuation loss (gain) on investments in an equity instrument measured at fair value through other comprehensive income	(174,772)	696,855	(871,627)	125.08
Share of other comprehensive income/losses on affiliated enterprises and joint ventures recognized under the equity method	(1,732)	(52,257)	50,525	-
	(172,885)	643,757	(816,642)	126.86
Items that may be reclassified as income				
Translation differences in financial statements from foreign operations	3,582	(29)	3,611	(12,451.72)
<b>Other comprehensive income (net income after-tax)</b>	<b>(169,303)</b>	<b>643,728</b>	<b>(813,031)</b>	<b>126.30</b>
<b>Total comprehensive income for the period</b>	<b>1,307,174</b>	<b>2,375,308</b>	<b>(1,068,134)</b>	<b>44.97</b>
Profit attributable to				
Owners of the Company	1,444,214	1,654,842	(210,628)	(12.73)
Non-controlling equity	32,263	76,738	(44,475)	(57.96)
	1,476,477	1,731,580	(255,103)	(14.73)
Total comprehensive income attributable to:				
Owners of the Company	1,274,445	2,299,000	(1,024,555)	44.57
Non-controlling shares	32,729	76,308	(43,579)	(57.11)
	1,307,174	2,375,308	(1,068,134)	44.97
<b>Analysis and explanation of increase (decrease) in proportions:</b>				
1. Operating net profit: The decrease in net operating profit was mainly due to the increase in the cost of goods sold in the current period.				
2. Other comprehensive net profit: Due to the unrealized valuation losses of equity instrument measured at fair value through other comprehensive income in the current period.				

## (II) Analysis of Individual Financial Performance

Unit: NT\$1,000

Item \ Year	2024	2023	Increase (decrease) amount	Percentage of change
Operating revenue	12,065,511	13,586,827	(1,521,316)	(11.20)
Operating costs	(11,275,030)	(12,312,495)	(1,037,465)	(8.43)
<b>Gross profit</b>	790,481	1,274,332	(483,851)	(37.97)
Unrealized gains from sales	(42,229)	(281,321)	(239,092)	(84.99)
Realized gains from sales	86,231	54,467	31,764	58.32
<b>Realized gross profit</b>	834,483	1,047,478	(212,995)	(20.33)
Operating expenses	(426,492)	(445,888)	(19,396)	(4.35)
<b>Operating net profit</b>	407,991	601,590	(193,599)	(32.18)
Non-operating income and expenses				
Interest income	1,918	1,740	178	10.23
Other income	93,462	93,316	146	0.16
Other gains and losses	959,092	914,996	44,096	4.82
Financial costs	(363,321)	(346,419)	16,902	4.88
Share of profits on equity-accounted associated companies and joint ventures	398,608	466,076	(67,468)	(14.48)
<b>Total Non-operating income and expenses</b>	1,089,759	1,129,709	(39,950)	(3.54)
<b>Net income before tax</b>	1,497,750	1,731,299	(233,549)	(13.49)
Income tax expenses	(53,536)	(76,457)	(22,921)	(29.98)
<b>Net profit of the current period</b>	1,444,214	1,654,842	(210,628)	(12.73)
Other comprehensive income				
Items not reclassified as income				
Re-measurement of defined benefit plan	3,121	(414)	3,535	853.86
Unrealized valuation loss (gain) on investments in an equity instrument measured at fair value through other comprehensive income	(174,772)	696,855	(871,627)	(125.08)
Unrealized valuation loss (gain) on investments in an equity instrument measured at fair value through other comprehensive income	(1,732)	(52,257)	50,525	-
	(173,383)	644,184	(817,567)	(126.92)
Items that may be reclassified as income				
Translation differences in financial statements from foreign operations	3,614	(26)	3,640	14,000.00
<b>Other comprehensive income (net income after-tax)</b>	(169,769)	644,158	(813,927)	(126.36)
<b>Total comprehensive income for the period</b>	1,274,445	2,299,000	(1,024,555)	(44.57)
Analysis and explanation of increase (decrease) in proportions:				
1. Gross profit and net operating profit: The decrease in gross profit and net operating profit was mainly due to the increase in the cost of goods sold in the current period.				
2. Unrealized gains from net sales: The decrease in unrealized gross profit from sales was mainly due to the decrease in sales to second-tier subsidiary – Hsin Hua Steel Industry Co., Ltd. in the current period.				
3. Other comprehensive net profit: Due to the unrealized valuation losses of equity instrument measured at fair value through other comprehensive income in the current period.				

- (III) Major changes that have occurred or are expected to occur in operating policies, market conditions, or other internal or external factors of the Company in the last 2 years that would cause a material impact on continuing operations:

Analysis of changes in gross profit:

Unit: NT\$1,000

	Increase (decrease) amount between periods	Reason for the difference			
		Difference in sales prices	Difference in cost	Difference in product sales combination	Difference in volume
Gross profit	(275,748)	428,896	(623,847)	(113,591)	32,794
Description	The decrease in gross profit margin by 1% was mainly due to the increase in the Company's operating costs in 2024.				

- (IV) Projected sales quantity for the coming year, the basis for said projection, and factors influencing the continued growth or decline of the expected sales quantity: 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 forecasts of the World Steel Association (WSA), the steel industry will maintain its growth momentum with global steel demand of 1,771.5 million tons in 2025, an increase of 1.2% or 20.6 million tons compared to 2024. The outlook for the global steel market except for China is positive, and the recovery is gaining momentum. In particular, green industries such as wind power and solar power are expected to contribute more than 14 million tons of demand growth, and are one of the main sources of momentum. The global economy except for China has shown signs of resilience, with easing inflation and increased government spending supporting the economy. The WSA stated that the high-interest rate and high-inflation environment has begun to cool down in 2024, governments have begun to increase spending, and the construction industry is gaining momentum. Global steel demand is expected to gradually pick up this year and the next, steel demand outside China will increase by 10.8 million tons (1.2% YoY growth) and 29.3 million tons (3.3% YoY growth) in 2024 and 2025, respectively. China's steel demand forecast for 2024 was revised down by 26.9 million tons due to sluggish demand for construction steel and the impact of anti-dumping measures taken by various countries on exports of China's manufacturing industry. However, the Chinese government has recently stepped up its policy easing efforts, and the liquidity has driven an improvement in domestic construction demand. Whether the policy effect can be sustained is crucial to the future recovery of overall steel demand. In addition, regional political risks, elections in various countries and the progress of carbon neutrality are expected to be the main uncertainties in the global steel market this year and the next. 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 520,000 tons this year.

### III. Cash flow analysis

Unit: NT\$1,000

Balance at the start of the year (January 1, 2024) ①	Net cash flow from operating activities ②	Net cash flow from investment and financing activities ③	Cash balance (December 31, 2024) ① + ②- ③	Plan to improve insufficient liquidity	
				Investment plan	Financial plan
953,579	1,295,542	(1,036,662)	1,212,459	None	None
1. Analysis of cash flow changes in the current year:					
(1) Cash inflow from operating activities was approximately NT\$1,295,542 thousand: Mainly due to the increase in income from contracts.					
(2) Cash outflow for investment activities was approximately NT\$1,265,315 thousand: Mainly due to the purchase of property, plant, and equipment and prepayments for land.					
(3) Cash inflow from financing activities was approximately NT\$226,920 thousand: Mainly due to the distribution of cash dividends and adjustments to long-term and short-term loans necessary for operations.					
(4) The impact of exchange rate changes was an increase in inflow of approximately NT\$1,723 thousand.					
2. Plan to improve insufficient liquidity and liquidity analysis: There were no instances of insufficient liquidity.					
3. Cash flow analysis for the coming year: Not applicable.					
4. Cash flow analysis for the past two years:					
Year		December 31, 2024	December 31, 2023	Change (%)	
Item					
Cash flow ratio (%)		12.89	3.41	278%	
Cash flow adequacy ratio (%)		28.23	24.71	14%	
Cash reinvestment ratio (%)		1.85	0.18	928%	
Analysis and explanation of increase/decrease in proportions:					
1. Cash flow ratio: The increase in cash inflow from operations this year resulted in an increase in the cash flow ratio.					
2. Cash flow adequacy ratio: The increase in cash flow adequacy ratio was due to the increase in net cash flow from operating activities in the past five years.					
3. Cash reinvestment ratio: The increase in cash inflow from operations this year resulted in an increase in the cash reinvestment ratio.					

### IV. Effects of significant capital expenditures on financial operations in the current year:

Unit: NT\$1,000

Plan	Actual or expected source of funds	Actual fund use	
		2024	2023
Production and factory equipment	Self-own funds and bank borrowings	108,592	435,190
Plant expansion and land for production	Self-own funds and bank borrowings	996,330	-
Digital and ERP systems	Self-owned funds	5,663	36,058
Total		1,110,585	471,248

**V. Reinvestment policy, main reasons for profit/losses, improvement plans, and investment plans for the upcoming year:**

The Company's reinvestments using the equity method all have long-term strategic purposes, realize sustainable development investments, and achieve profit performance in coordination with the Company's product promotion.

The companies that participated in the Company's cash capital increase in 2024 and 2023 include the investee companies Century Huaxin Wind Energy Co., Ltd. and SunnyRich Multifunction Solar Power Co., Ltd. The main strategies of these companies are to promote renewable energy and develop the offshore wind power and solar power industries. Climate issues have attracted great attention from the international community in recent years, and countries have declared and took action to achieve "net zero emissions by 2050." The strategy for transitioning to net zero emissions is to develop competitive, circular, sustainable, resilient, and safe transitioning strategies and governance foundation, in order to drive economic growth, encourage private investment, create green jobs, and achieve energy self-sufficiency. We support Taiwan's target of "net zero emissions by 2050" and "2050 net zero transition strategies" through sustainable investments.

The Company's investment business was affected by the volatility of Taiwan's stock market at the end of 2024, and resulted in valuation gains and losses. As a result, the performance of the Company's investment in domestic and overseas stocks (including investments in equity instrument measured at fair value through profit and loss and through other comprehensive income) reached NT\$1,082,843 thousand, down approximately 47% compared to the NT\$2,024,966 thousand in 2023. The profit (loss) of affiliated enterprises recognized under the equity method (including under other comprehensive income) reached NT\$49,832 thousand in 2024, up 203% compared to the loss of NT\$48,148 thousand in 2023. Looking ahead to 2025, the market expects the Federal Reserve to slow down its interest rate cuts and the AI industry to grow rapidly, which caused stock markets to rise. However, the Trump Administration has frequently introduced new tariffs since taking office, and plans to impose reciprocal tariffs on all imported goods in the near future. Relevant U.S. departments will review the non-reciprocal trade relations with all U.S. trading partners and adjust the final tariff policy based on the responses and investigation results of each country. This move could raise tariffs on U.S. trading partners, exacerbate global economic uncertainty, and impact international trade and financial markets. In the future, the Company will continue to conduct prudent assessments of reinvestment projects based on the principle of strategic planning of short-term, mid-term, and long-term goals.

**VI. Risk analysis and assessment of the most recent year up to the publication date of this report:**

The Board of Directors plays a critical role in identifying and managing economic risks.

The Company and its subsidiaries are committed to adopting cost-effective methods to integrate and manage potential risks in strategies, operations, finances, and other hazardous risks that may impact operations and profits.

The Company is committed to its corporate goals and its responsibility to maintain the long-

term sustainability of the industry and society. The Company has established corporate risk management measures to provide appropriate risk management for all stakeholders. The Company's risk management focuses on "strategic risks", "operational risks", "financial risks", "hazardous risks", and "risks associated with climate change and non-compliance with related regulations on environmental protection or climate change or other international laws and agreements".

- (I) The effects that interest rates, exchange rate fluctuations, and inflation have on company earnings and losses, as well as future countermeasures:

Ratio of the Company's net interest income/expenses and net exchange profit/losses to net operating revenue in 2024

Unit: NT\$1,000

Item	2024
Net interest income (expenses)	(394,402)
Net exchange income (loss)	(5,875)
Net interest income (expenses) as a ratio of net operating revenue	2.70%
Ratio of net exchange (loss) profit to net revenue	0.04%

①. Changes in interest rate

The Company's interest rate risk mainly comes from financial liabilities and investment positions arising from business activities. The Company's income and expenses on interests are mainly affected by changes in interest rates in Taiwan and the United States. The Company's net interest expense was NT\$394,402 thousand in 2024, accounting for 2.70% of net revenue and was higher than in 2023. This was mainly due to the Federal Reserve continuing to raise the federal interest rate in the first half of 2024, and only cut rates for the first time in September after a series of rate hikes. Therefore, the interest rate of the Company's USD-denominated loans was higher than in 2023. In addition, the Central Bank of Taiwan raised interest rates preemptively in the first quarter of 2024, raising the policy interest rate by 0.125%, and the interest rate of the Company's NTD-denominated loans slightly increased at the same time.

Future countermeasures

The Company shall adapt to the risks of fluctuating interest rates and continue to pay attention to future market interest rate trends and collect information on interest rates from banks to adequately evaluate the interest rate of existing loans and continue to establish a good relationship with banks. The Company shall use its excellent credit to obtain relatively favorable loan interest rates. When financing is required, the Company will plan suitable long-term and short-term bank loans and seek competitive interest rates to minimize interest rate fluctuations and the risks caused by the cost of capital on the Company's operations. In terms of financial investments, the Company mainly invests in certificates of deposit and purchases NTD money market funds. However, these hedging operations can only lower parts

of the risks and cannot fully eliminate the financial impact caused by fluctuations in interest rates.

②. Changes in exchange rate

At least half of the Company's raw materials procurements are paid in USD, but the Company's revenue is mainly in TWD. Therefore, any significant changes in international exchange rates may have unfavorable effects on the Company's finances. The U.S. Federal Reserve continued to raise interest rates in the first half of 2024, and the spread maintained a strong U.S. dollar.

The Company uses foreign currency derivative financial product contracts, including forward foreign exchange contracts, to avoid non-NTD assets and liabilities and exchange rate risks that may arise from certain expected transactions. These hedging measures can reduce the impact of exchange rate changes on assets and liabilities but cannot eliminate it completely.

The NTD/USD exchange rate averaged 32.108 in 2024 due to the spread and flow of international capital, and depreciated 3.08% compared with the NTD/USD exchange rate of 31.15 in 2023 (source: Taipei Forex Inc.). Exchange rates fluctuated massively in 2024 with the difference reaching NT\$2.004 (NT\$32.870-NT\$30.866). However, thanks to proper hedging, the Company was not significantly impacted by exchange rate fluctuations in 2024, and only sustained a net exchange loss of NT\$5,875 thousand, which accounted for 0.04% of the net revenue that year. The overall foreign exchange loss will not increase risks for profitability and will therefore not cause a significant impact on the Company.

Future countermeasures

The Company uses contracts for derivatives (e.g. forward foreign exchange contracts), or non-derivatives (e.g. short-term borrowing of functional currency) as financial tools to hedge foreign exchange positions that have been recognized or generated from highly probable transactions. These hedging measures may reduce some of the financial impact of assets and liabilities affected by fluctuating interest rates, but not completely.

The finance unit pays close attention to changes in the foreign exchange rate and maintains close communication with major banks with which the Company does business, keeping abreast of foreign exchange rate trends at all times to allow relevant supervisors to fully control foreign exchange rate trends and make adjustments whenever necessary.

The Company has established "Procedures for the Acquisition or Disposal of Assets" to govern trading, risk management, supervision, and auditing of derivatives to reduce risks in transactions of derivative financial products related to foreign exchange operations.

The NTD/USD exchange rate fluctuated between the end of 2024 and March 2025. The closing rate at the end of 2024 was 32.781. Due to rising uncertainty caused by Trump's tariff policy and geopolitics, the NTD/USD exchange rate remained in a high range of 32.8-33.0. In addition, due to the wide spread between interest rates of

USD and NTD-denominated loans, the Company prioritized USD-denominated loans into NTD-denominated loans, and also purchased forward exchange contracts for hedging, in order to reduce the negative impact of exchange rate fluctuations and interest rate spread on the Company.

③. Inflation, deflation, and overall fluctuations in the market

The company's past profits and losses have yet to suffer major impacts from inflation. When the market reacts in anticipation of inflation or deflation, the resulting changes often severely impact the global economy. Both high inflation and deflation will decrease market efficiency, interrupt investment decisions, and cause negative macroeconomic and microeconomic effects. Recently, the market expects that the Federal Reserve's monetary tightening policy is near its end, and the rapidly rising interest rates will eventually slow down. To control interest rate risks, the Company pays close attention to the development of the market and monetary policies, and has (and may continue in the future) adopted interest rate derivative financial product contracts to avoid interest rate risks associated with expected issuance of debt.

The Company will make no significant changes to its products and services due to expectations of inflation, deflation, or market fluctuations, but it might indirectly affect the willingness of countries around the world to invest in national construction capital expenditures. In 2024, the inflation rate in Taiwan (calculated with the Consumer Price Index of the Directorate-General of Budget, Accounting, and Statistics) was approximately 107.81% (an annual increase of 2.18%); It is projected that in 2025, the inflation rate in Taiwan (calculated using the Consumer Price Index of the Directorate-General of Budget, Accounting and Statistics) will increase by 1.94%.

The Company does not believe that inflation or deflation in Taiwan would have a major impact or effect on the results of the Company's operations in 2024. However, the Company cannot guarantee that major changes in the nature, scale, or scope of future inflation or deflation would not negatively impact the results of the Company's operations.

④. Financing risks

The Company purchases the majority of its materials from foreign countries. Planning the required capital, therefore, becomes relatively challenging when major fluctuations appear in bonds, interest rates, exchange rates, and stock markets. In the next few years, the Company shall require medium-sized capital to maintain operations, expand productivity, and expand locations for its logistics network. The Company's capacity for continued financing relies on many uncertain factors, including:

- The Company's future financial status, operating performance, and cash flow
- Status of market financing activities
- Market financing activities of the steel industry
- Social, economic, political, and other conditions in Taiwan and other regions

(II) Policies for engaging in high-risk, high-leverage investments, lending to others,

providing endorsement and guarantee, and derivatives transactions, analysis of resulting profit/losses, and future countermeasures

The Company has not conducted high-risk or high-leverage financial investments in 2024 and up to the publication date of this Annual Report.

During 2024, all transactions in derivative financial product contracts conducted by the Company are for hedging purposes and not operations for trade or profit. The fair market value of financial product investments for the purpose of transactions and preparation for sales may change due to market conditions, resulting in changed costs that would affect relevant rates of return.

#### Future countermeasures

To control risks in financial transactions, the Company has established internal management regulations and operating procedures that strengthen financial and operational foundations in accordance with related regulations of the Financial Supervisory Commission. These regulations include "Procedures for the Acquisition or Disposal of Assets", "Procedures for Extending Loans to Others", and "Endorsement and Guarantee Making Procedure". They serve as the basis for the Company and its subsidiaries' related operations.

As of the publication date of this Annual Report, the Company and its subsidiaries have not conducted high-risk or high-leverage investments or traded high-risk derivative financial products. Based on the principles of maintaining stable and healthy finances, the Company and subsidiaries will not consider engaging in high-risk or high-leverage investments or trading of high-risk derivative financial products. The Company provides loans, endorsements, and guarantees to subsidiaries that require funding for operations. However, the companies' loans, endorsements, or guarantees for external entities are processed in accordance with the Company's "Procedures for Loaning of Funds to Others" and the "Regulations on Making of Endorsements/Guarantees". In the future, the Company shall continue to abide by the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" promulgated by the Financial Supervisory Commission and the Company's internal control regulations.

#### (III) Future R&D projects and estimated R&D expenditure:

To ensure its leading position in product development technology and product performance, the Company will utilize the results of its research in material applications accumulated throughout the years to work with steel plants and develop building steel materials suitable for Taiwan's harsh island environment in offshore sea areas with potentially extreme weather incidents. The Company shall develop various high-grade, weather-proof, eco-friendly, and strong structural steel while actively expanding into the high-grade building materials industry, electric car and scooter molds and components industries, and materials R&D and sales for offshore wind farm tower and underwater tower foundation components.

#### (IV) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales:

The Company's management keeps a constant eye out for any changes in policies and

regulations that might affect the Company business and operations, and has established related risk management procedures. In 2024 and as of the publication date of this Annual Report, there has been no policies nor laws and regulations that has material impact on the Company's finances and business.

- (V) Impact of technological and market changes on the Company's finances and business, as well as subsequent countermeasures:

From 2024 and up to the publication date of this Annual Report, the Company has finished automating cutting equipment and increased production lines for offshore wind power equipment, providing existing technologies for cutting, component production, pipe manufacturing technologies for offshore wind farm underwater foundations, and technologies for forming connecting pipe piles for water resources and technology plants to supply more customer-oriented products.

The steel product market has always been influenced by economic cycles. Such market characteristics also impact the manufacturing and service industry for steel products. Most of the Company's customers are from public engineering industries, the automobile industry, the machinery production industry, the electrical component industry, the components industry for offshore windmill bases, and underwater foundations, the water resources-related piping and trough industries, and the one-stop construction industry for photovoltaic power plants. In the short term, the machinery and equipment industry, steel pipes industry, and shipbuilding industry are still in a short-term correction in terms of orders, yet domestic public construction projects such as government infrastructure projects continue to be rolled out. In the long term, the government's forward-looking infrastructure projects and returning Taiwanese businesses have driven up demand the furthered the development of Taiwan's domestic demand economy. The Company's revenue and profits are also affected by fluctuations in customer orders, and are projected to follow a trend towards prosperity in the future.

Industries with a demand for steel products sometimes face critical and continuous economic decline, and there has been weak demand on real estate in China. Since the Company's current and future business all come from these industry customers, the economic decline in these industries and overcapacity will lower the demand for the entire steel manufacturing and service industry, including the Company. If the Company cannot reduce cost or adopt other measures to effectively offset the impact of reduced demand, its revenue, profits, and profitability will be impacted during economic downturns and steel overcapacity.

#### Future countermeasures

In response to constant changes in industries with a demand for steel products and the technologies they use, the key to the Company's competitive advantage lies in the continued enhancement of precision processing to provide steel products that better fulfill customer demand with diverse service and business models. If the Company cannot foresee changes in technology and quickly develop innovative business models and cutting production technologies, or if competitors unexpectedly obtain more advanced cutting technologies, the Company may lose its competitive edge and ability

to obtain purchase orders. Although the Company continues to expend effort on maintaining advantages in R&D of steel product quality and cutting production processes, the Company's competitiveness will be affected if it cannot maintain its lead in technologies or production processes.

Regarding countermeasures for the aforementioned risks, refer to the "Operational Highlights" in the Annual Report (page 118 to page 141).

(VI) Impact of corporate image change on risk management and response measures:

In 2024, the Company received the Taiwan Corporate Sustainability Awards (TCSA) and the Platinum Award, Manufacturing Industry, Taiwan Corporate Sustainability Report 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.

The Company is founded on the core values of trust, harmony, innovation, sharing, and sustainability. With its outstanding operational performance, comprehensive corporate governance, and fulfillment of social responsibilities, the Company has established an excellent corporate image in Taiwan and across the world. Meanwhile, the Company continues to demonstrate a sustainable capacity for innovation when it comes to the economy, environment, and society and is dedicated to being a good corporate citizen.

The Company has always seen itself as a driver for improving society, with a long-term goal of "creating sustainable development, fairness, and justice to build a beautiful Taiwan". The Company has dedicated departments for brand management, customer service, material management, quality and reliability, risk management, finance, investor relations, operations, environmental protection & safety & sanitation, human resources, internal control, social charity foundation, and public relations. The close cooperation and coordination of resources between each department consolidate the Company to build upon the excellent corporate image. Meanwhile, the Company is well prepared to prevent and control any potential crisis.

Multiple preventative measures are in place to deal with potential crises that could impact the Company image, including accidents like earthquakes, fires, and occupational incidents. The Company has also established crisis command management and internal control protocols, emergency protocols, and an emergency command system. If an aforementioned crisis occurs, each department can initiate emergency measures immediately to prevent or lower the impact that the incident may have on the safety of the Company's personnel, surrounding environment, property, and production process. The spokesperson will also be notified to clearly explain the situation to outsiders, thereby maintaining the Company's image and smooth operations.

Since its founding, the Company has established a good corporate image based on trust, harmony, innovation, sharing, and sustainability. The has never been an incident of major changes to the Company's corporate image that might result in a crisis.

From 2024 and up to the publication date of this Annual Report, the Company

experienced no risks that might affect its normal operations and corporate image.

(VII) Expected benefits and potential risks of mergers and acquisitions:

From 2024 and up to the publication date of this Annual Report, the Company has neither conducted any mergers nor have any plans for mergers. If the Company discovers a company or group with potentials for a merger, a careful evaluation will be conducted to consider the effectiveness of the merger. The Company shall also consult relevant professionals and reach a timely and rational decision to protect shareholders' interests.

(VIII) Expected benefits and possible risks of the plant expansions and subsequent countermeasures:

The Company made regular projections of long-term market demands with respect to its products and services to make plans for production capacity. Since the demand projection is constantly adjusted to reflect dynamic changes of the market environment, the Company may temporarily halt production lines or machines of some factories when demand is lower; Whenever demand increases rapidly, the Company may not be able to restore capacity in time to fully satisfy demands during a prospering economy.

Following recent market demand projections, the Company has completed two production lines for offshore wind farm underwater foundations, and connective pipe piles for water resources and technology plants to fulfill market demand for its products and services. Since the expansion of production capacity requires the purchase of equipment, which will add to operating costs, if the Company cannot generate a corresponding increase in profits, the expansion might reflect negatively in the financial statements.

In response to the aforementioned potential risks associated with the expansion of production capacity, the Company will continue to monitor market changes and cooperate closely with customers. If the market demand does not match predictions, the Company will adjust its plan to expand production capacity to reduce the negative impact on the Company's financial performance.

From 2024 to the date of report, the Company continues to adjust its production capacity expansion plan in response to changes in the market environment.

Future countermeasures

The Company shall continue to negotiate matters relating to the establishment of factories to faithfully abide by contractual obligations and maintain control over financial risks.

(IX) Risks associated with over-concentration in purchase or sale:

The Company has thousands of customers across Taiwan. The total net income from sales to the top ten customers in 2024 and 2023 accounted for approximately 20.39% and 35.64% of the Company's net revenue from sales and the largest customer accounted for 4.87% and 5.94%. Therefore, there was no over-concentration of sales.

The Company needs to obtain raw material such as steel plates, special steel plates, alloy steel plates, hot-rolled steel plates, galvanized steel products, and stainless steel products at appropriate times. There were instances where certain foreign suppliers adjusted prices temporarily or delayed delivery due to economic growth in the steel market. In addition, due to the characteristics of the industry, certain raw materials purchased by the

Company are supplied by a single supplier. If alternative sources cannot be found, the Company might run the risk of not being able to keep up with demand. If the Company cannot obtain the necessary raw material or if the prices of raw materials increase substantially and the increased cost cannot be passed to the customer, the Company's revenue and profits will decline. Therefore, the Company tries to purchase raw materials from different suppliers or different regions to ensure a stable supply of raw materials and to lower the risks of concentrated purchases.

#### Future countermeasures

The Company's operational growth and continued expansion of production capacity also rely on whether it could obtain sufficient equipment and relevant services from a limited number of suppliers. Equipment suppliers often have limited supply and long delivery times. In heavy processing machinery-related industries, the lead time for machinery procurement can be as long as six months. To reduce such risks, the Company provides suppliers with demand forecasts to arrange production schedules for machines. The Company also engages in discussions with suppliers to establish mutually-agreed business models in order to advance the preparation of components that require longer lead times and reduce the lead time for purchasing equipment. If the Company cannot promptly obtain reasonably priced equipment required for production, it would not be able to satisfy customer purchase orders, causing negative financial and operational impact.

- (X) The impact and associated risks of large transfer or exchange of equity by directors or major shareholders holding more than 10% interest in the Company:  
From 2024 and up to the publication date of this Annual Report, there have been no cases of the Company's Directors or major shareholders with more than 10% of the Company shares conducting large transfers or exchanges of shares that could affect the normal operations.

- (XI) The impact and associated risks that changes in management can have on the Company:  
From 2024 and up to the publication date of this Annual Report, the Company has seen no signs indicating any risks of a change in management.

The Company has continued to strengthen various corporate governance measures to enhance the protection of shareholders' interests. The Company depends on professional managers in day-to-day operations. With a capable team of professional managers making immense contributions to the Company's business performance, the Company is sure to garner the continued support of shareholders so that, even if management changes hands, it would not cause any significant negative impact on the Company's advantages in management and operations.

- (XII) Any litigious, non-litigious or administrative litigation event as of the publication date of this Annual Report:

The Company has seen no major litigation cases nor major pending litigations from 2024 and up to the publication date of the Annual Report.

- (XIII) Risks in impairment loss and corresponding countermeasures

Following the International Accounting Standards, the Company is required to conduct

impairment assessment on its investments, tangible assets, and intangible assets when there are signs of asset impairment. When certain conditions are met, the Company is required to recognize an impairment loss. In addition, under the regulation of the Taiwan-IFRS, an annual negative impairment test must be performed. When signs of impairment are present and the book value could not be recovered, impairment tests must be performed with increased frequency.

The impairment loss in parts of the Company's investment in TWSE-listed companies, TPEX-listed companies, or companies not listed on the TWSE or TPEX are disclosed in "Financial Report" of the Annual Report. Recognition of impairment loss at any point in time is determined mainly by evaluations made regarding potential operating performance in the next several years. Therefore, impairment losses are more likely to occur when the Company's operating performance is already falling.

The Company has established relevant systems to strictly manage asset impairment. However, the Company cannot predict the extent or time of asset impairment in the future and whether it may negatively impact the Company's net post-tax profits.

- (XIV) Litigation events involving the Company's Director, General Manager, de facto Legal Representative, major shareholders holding more than 10% interest, or subsidiaries as of the publication date of this Annual Report:

From 2024 and up to the publication date of this Annual Report, there have been no major litigation cases nor major pending litigation cases involving the Company's Directors, General Manager, de facto Legal Representative, major shareholders holding more than 10% interest, or subsidiaries.

- (XV) Hazardous risks:

The Company is dedicated to maintaining comprehensive risk management for the protection of natural resources and the security of employees and assets. It also develops comprehensive countermeasures and procedures with regard to risk prevention, emergency responses, crisis management, and continuous operations for all conceivable emergencies and natural disasters.

Due to climate change or systemic regional geological changes, the frequency and severity of destructive earthquakes, natural disasters, and extreme weather are on the rise, causing the Company's operating bases to be at risk of natural disasters. For example, floods, earthquakes, typhoons, and droughts may cause a break or shortage in the supply of public facilities such as water and electricity. The Company pays attention to emergency responses for various disasters such as typhoons, floods or droughts caused by climate change, earthquakes, pollution, interruptions in the information system, strike, contagious diseases, and discontinued supply of materials, water, electricity, and public facilities. The Company has established task forces at all points of operations to respond to the aforementioned incidents to ensure continued operations.

The Company's buildings and production equipment are all earthquake-resistant structures built in accordance with regulations. Therefore, the Company has experienced no relevant risks in 2024 and up to the publication date of this Annual Report.

- (XVI) Information technology security risks and management measures:

There were no major information security incidents in 2024, which ensures that the data used by information services of the Company and business partners is fully protected. To understand the organization's information security risk, the IT Office evaluates information assets each year and sets the level and acceptable risk of information assets. Risks of different aspects of information security are assessed based on the level, in order to improve high risk items in the organization. Furthermore, the office also assesses and continues to track the information security risks of abnormal events in the organization and external information security events and issues.

The Company evaluates and formulates management regulations according to information security management requirements, and establishes operations management regulations based on the business. Any abnormalities or information security incidents that occur during daily operations are reported to the information security, audit, and management departments. Furthermore, in addition to internal management procedures, the Company also periodically conducts reviews based on standards and requirements for personal data privacy protection and other information security, ensuring compliance with applicable laws and regulations and to avoid violating laws and regulations and contractual obligations related to information security.

Information security is an important issue that companies take very seriously. The Company has established risk management mechanisms and standard procedures for handling information security incidents. We also step up plans for developing information security technologies in response to information security issues, such as: strengthen defense against information security attacks, real-time detection of external threats, and effectively blocking threats, in order to lower the risk of sensitive data leakage.

For more information, please refer to "Business Overview" in the Annual Report (page 118 to page 120).

The Company did not have any major information security incidents, did not sustain any financial losses, operations were not impacted by any information security incidents, and no response measures were necessary in 2024 and up to the date of report. The Company also has not been involved in any legal cases or investigation.

(XVII) Other critical risks:

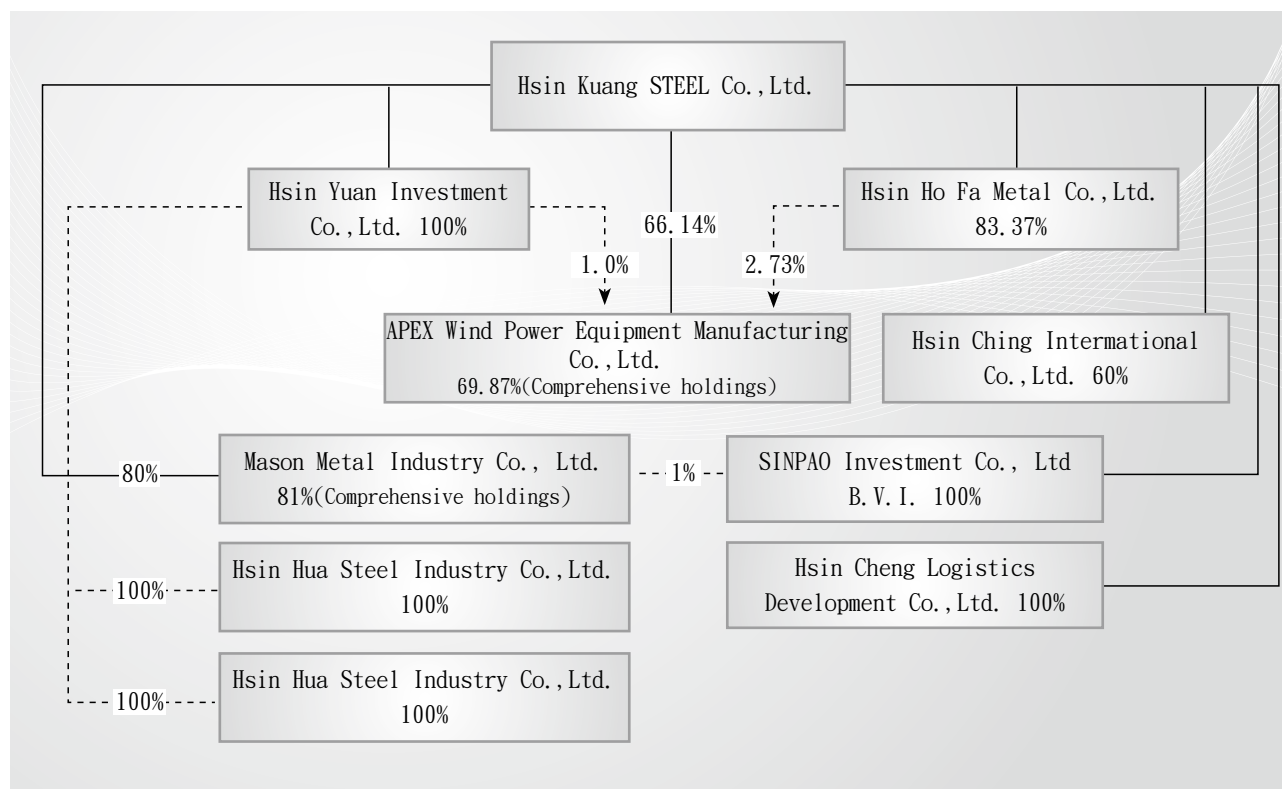
From 2024 and as of the publication date of this Annual Report, the Company experienced no other critical risks.

**VII. Other important matters: None.**

## F. Special Notes

### I. Profiles of Affiliates

#### (I) Affiliation Chart



#### (II) Profile of affiliated companies:

As of December 31, 2024

Unit: NT/USD\$1,000

Name of entity	Date of establishment	Address	Paid-up capital	Main business activities or products
Hsin Yuan Investment Co., Ltd.	1998/09/22	25F-1, No. 97, Section 4, Chongxin Road, Sanchong District, New Taipei City	800,000	Professional investment institution
Sinpao Investment Co.,LTD(B.V.I)	2001/11/13	TrustNet Chambers Road Town Tortola British Virgin Islands	USD 3,433	Professional investment institution
Hsin Ho Fa Metal Co., Ltd.	2003/01/28	25F-1, No. 97, Section 4, Chongxin Road, Sanchong District, New Taipei City	300,000	Wholesale of metal building materials
APEX Wind Power Equipment Manufacturing Co. Ltd.	2009/11/02	17F, No. 97, Section 4, Chongxin Road, Sanchong District, New Taipei City	660,000	Self-usage power generation equipment utilizing renewable energy industry

Hsin Ching International Co., Ltd.	2015/12/18	25F-1, No. 97, Section 4, Chongxin Road, Sanchong District, New Taipei City	250,000	Leasing and warehousing
Mason Metal Industry Co., Ltd.	1990/07/20	No. 6, Gongye 1st Road, Pingzhen District, Taoyuan City	500,000	Automotive steel plate cutting and processing
Hsin Cheng Logistics Development Co., Ltd.	2019/08/19	25F-1, No. 97, Section 4, Chongxin Road, Sanchong District, New Taipei City	200	Leasing and warehousing
Hsin Hua Steel Industry Co., Ltd.	2019/07/25	25F-1, No. 97, Section 4, Chongxin Road, Sanchong District, New Taipei City	175,000	Secondary metal processing and manufacturing
Hsin Yuan Hsin Industry Co., Ltd.	2021/10/13	1F., No. 85-6, Chunzhu, Taibao City, Chiayi County 612013, Taiwan (R.O.C.)	10,000	Secondary metal processing and manufacturing

**(III) Common shareholders in controlling and controlled companies**

None as of December 31, 2024.

**(IV) Businesses activities covered by affiliated companies**

Business activities of the Company mainly cover "cutting and logistics distribution services in the steel industry," "metal architectural components manufacturing," "self-usage power generation equipment utilizing renewable energy industry," "manufacturing of power generation, transmission, and distribution machinery," "manufacturing of metal containers," and "manufacturing of pollution prevention equipment"; whereas business activities of affiliated companies cover "investment," "power generation for non-metallic use," "leasing and warehousing," "automotive steel plate cutting and processing," and "steel secondary processing."

**(V) Directors, supervisors, and General Managers of affiliated companies of Hsin Kuang Steel Co., Ltd**

As of December 31, 2024

Name of entity	Title	Name or name of representative	Unit: Share: %	
			Shareholding	Shareholding percentage
Hsin Yuan Investment Co., Ltd.	Chairman and General Manager	Representative of Hsin Kuang Steel Co., Ltd.: Alexander M.T. Su	80,000,000	100.00%
	Director	Representative of Hsin Kuang Steel Co., Ltd.: Xiao-Ru Su		
	Director	Representative of Hsin Kuang Steel Co., Ltd.: Jessica P.H. Liu		
	Director	Representative of Hsin Kuang Steel Co., Ltd.: Lisa H.C. Chien		
	Director	Representative of Hsin Kuang Steel Co., Ltd.: Teng-Kui Kao		
	Supervisor	Representative of Hsin Kuang Steel Co., Ltd.: Yu-Sheng Chang		

Name of entity	Title	Name or name of representative	Shareholding	
			Number of shares	Shareholding percentage
SINPAO INVESTMENT CO.,LTD(B.V.I )	Chairman	Representative of Hsin Kuang Steel Co., Ltd.: Alexander M.T. Su	US\$3,433,419	100.00%
Hsin Ho Fa Metal Co., Ltd.	Chairman and General Manager	Representative of Hsin Kuang Steel Co., Ltd.: Alexander M.T. Su		
	Director	Representative of Hsin Kuang Steel Co., Ltd.: Teng-Kui Kao	25,011,897	83.37%
	Director	Representative of Hsin Kuang Steel Co., Ltd.: Fisher C.H. Yu		
	Director	Representative of Hsin Kuang Steel Co., Ltd.: Daniel Z.L. Xu		
	Director	Representative of Standard Steel Ltd: Chih-Yuan Huang	712,952	2.38%
	Supervisor	Tai-Tou Chang	165,395	0.55%
APEX Wind Power Equipment Manufacturing Co., Ltd. (7702-TT)	Chairman	Representative of Hsin Kuang Steel Co., Ltd.: Alexander M.T. Su	46,111,480 (consolidated shareholding)	69.87% (consolidated shareholding)
	Director	Representative of Hsin Kuang Steel Co., Ltd.: Jessica P.H. Liu		
	Director	Frank J.C. Huang	260,000	0.39%
	Director	Chang-Mao Luo	300,000	0.46%
	Director	Hui-Sen Hu	-	-
	Independent Director	Kang-Chi Chou	-	-
	Independent Director	Min-Hun Chen	-	-
	Independent Director	Chou-Son Lin	-	-
Hsin Ching International Co., Ltd.	Supervisor	Lisa H.C. Chien	-	-
	Chairman	Representative of Hsin Kuang Steel Co., Ltd.: Alexander M.T. Su		
	Director	Representative of Hsin Kuang Steel Co., Ltd.: Ming-Shan Jheng	15,000,000	60.00%
	Director	Representative of Hsin Kuang Steel Co., Ltd.: Jessica P.H. Liu		
	Director and General Manager	Representative of Li Shing Investment Co., Ltd.: Ho-Chou Huang	7,500,000	30.00%
	Director	Representative of Chan Da Development Corp.: Ho-Tung Huang	1,750,000	7.00%
	Supervisor	Lisa H.C. Chien	-	-
	Supervisor	Representative of Ho Feng Development Consultancy Co., Ltd.: Hsiao-Yu Chang	750,000	3.00%

Name of entity	Title	Name or name of representative	Shareholding	
			Number of shares	Shareholding percentage
Mason Metal Industry Ltd.	Chairman	Representative of Hsin Kuang Steel Co., Ltd.: Alexander M.T. Su		
	Director	Representative of Hsin Kuang Steel Co., Ltd.: Johnathon Y.J. Su		
	Director	Hsin Kuang Steel Co., Ltd. Representative: Kuo-San Yang	40,500,000 (consolidated shareholding)	81.00% (consolidated shareholding)
	Director	Hsin Kuang Steel Co., Ltd. Representative: Shu-Hsien Huang		
	Director	Hsin Kuang Steel Co., Ltd. Representative: Shang-Feng Tsai		
	Director	Sumitomo Corporation of Japan: Noda Shohei	9,500,000	19.00%
	Supervisor	Jessica P.H. Liu	-	-
Hsin Cheng Logistics Development Co., Ltd.	Chairman	Representative of Hsin Kuang Steel Co., Ltd.: Alexander M.T. Su	20,000	100.00%
Hsin Hua Steel Industry Co., Ltd.	Chairman	Representative of Hsin Yuan Investment Co., Ltd.: Ming-Shan Jheng	17,500,000	100.00%
Hsin Yuan Hsin Steel Industry Co., Ltd.	Chairman	Teng-Kui Kao	500,000	50.00%
	Director	Wei-Chih Tseng	150,000	15.00%
	Director	Chih-Hsun Yau	150,000	15.00%
	Supervisor	Hui- Ching Lu	100,000	10.00%

**(VI) Operational overview of affiliated enterprises**

As of December 31, 2024

Unit: NTD/USD thousands, unless specified otherwise

Name of entity	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit (loss)	Current net income (loss)	Earnings per share (NTD)
Hsin Yuan Investment Co., Ltd.	800,000	1,226,755	43,816	1,182,939	319,847	286,530	275,871	3.45
SINPAO INVESTMENT CO.,LTD(B.V.I)	US\$3,433	US\$1,659	US\$0	US\$1,659	US\$9.53	US\$9	US\$7	NA
Hsin Ho Fa Metal Co., Ltd.	300,000	880,965	477,382	403,583	231,316	(532)	50,916	1.70
APEX Wind Power Equipment Manufacturing Co. Ltd.	660,000	1,476,628	721,290	755,338	283,849	(24,370)	(6,755)	(0.10)
Hsin Ching International Co., Ltd.	250,000	731,765	247,681	484,084	116,236	64,206	47,903	1.92
Mason Metal Industry Co., Ltd.	500,000	1,437,614	727,268	710,346	2,242,628	51,487	35,008	0.70
Hsin Cheng Logistics Development Co., Ltd.	200	915	-	915	-	-	6	0.30
Hsin Hua Steel Industry Co., Ltd.	175,000	1,564,848	1,250,392	314,456	876,475	159,935	125,537	7.17
Hsin Yuan Hsin Steel Industry Co., Ltd.	10,000	57,499	47,693	9,806	15,000	3,072	589	0.59

**(VII) Consolidated financial statements of affiliated companies**

Affiliated enterprises subject to the preparation of consolidated financial statements of affiliated enterprises under "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" were identical to the affiliated companies subject to the preparation of consolidated financial statements under International Financial Reporting Standards No. 10 (IFRS 10) for financial year 2022. All mandatory disclosures of the consolidated financial statements of affiliated enterprises have been disclosed in the consolidated financial statements, therefore no separate consolidated financial statements of affiliated enterprises were prepared.

**(VIII) Affiliation report: NA**

- II. Progress of private placement of securities during the latest year and up to the publication date of this annual report: None.**
- III. Other Necessary Supplemental Information: None.**
- IV. Corporate events with material impact on shareholders' equity or stock prices set forth in Subparagraph 2, Paragraph 2, Article 36 of Securities and Exchange Act: None.**



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